

South Carolina Retirement Systems

A Division of the South Carolina State Budget and Control Board

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2004

Pension Trust Funds of the State of South Carolina

Serving South Carolina's Public Workforce



**Public Pension Coordinating Council
Public Pension Standards
2004 Award**

Presented to

South Carolina Retirement Systems

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Alan H. Wink'.

Alan H. Wink
Program Administrator

South Carolina Retirement Systems
A Division of the South Carolina State Budget and Control Board

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

Pension Trust Funds of the State of South Carolina

**Fontaine Business Center
202 Arbor Lake Drive
Columbia, South Carolina 29223**

**Peggy G. Boykin, C.P.A.
Director**

Prepared through the joint efforts of the Retirement Systems' staff.

The photographs on the front and back outside covers are reprinted with permission from the photographer, Sam Holland, of Columbia, South Carolina.

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Serving South Carolina's State Employees

The South Carolina Retirement System (SCRS)



The Retirement Systems' Information Technology Department includes a workroom where programmers work on special projects. From left to right: Rosalyn Nance, Rizwan Ahmed, Darryl Twiggs, Ian Davison, Diane Brown, and Eddie Sykes.



Employees in the Retirement Systems' Customer Services Call Center handle myriad inquiries each work day. Above, left to right, Karen McAdoo-Long, Sharon Boatwright, and Maria Cole work together to resolve an inquiry involving a member's multiple retirement accounts.

Introductory Section

Mark Sanford, Chairman
Governor

Grady L. Patterson, Jr.
State Treasurer

Richard Eckstrom
Comptroller General

State Budget and Control Board South Carolina Retirement Systems



PeggyG. Boykin, CPA
Director

1-803-737-6800

1-800-868-9002

Hugh K. Leatherman, Sr.
Chairman,
Senate Finance Committee

Robert W. Harrell, Jr.
Chairman,
Ways and Means Committee

Frank W. Fusco
Executive Director

LETTER OF TRANSMITTAL

November 1, 2004

Honorable Mark Sanford, Governor
and
State Budget and Control Board
State of South Carolina

Gentlemen:

We are pleased to present the *Comprehensive Annual Financial Report (CAFR)* of the South Carolina Retirement Systems for the fiscal year ended June 30, 2004. The South Carolina Retirement Systems is required by section 9-1-300 of the South Carolina Code of Laws to publish annually a report of the fiscal transactions of the system and this CAFR fulfills that statutory requirement. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of the Systems. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of the Systems.

The CAFR was prepared to conform to the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB). Transactions of the Systems are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. The financial statements presented in this CAFR have been independently audited by Rogers & Laban, PA, Certified Public Accountants, under the direction of the State Auditors Office. Rogers & Laban issued an unqualified opinion, which means that based upon the audit, they concluded that the financial statements were fairly presented in all material aspects and free from material misstatement. Although independent auditors cannot guarantee the accuracy of the statements, they do have a reasonable basis for the opinion they render. The independent auditor's report is presented as the first component of the financial section of this report.

The Systems are a part of the primary government of the state of South Carolina and are included in the comprehensive annual financial report of the state. The 2004 CAFR is presented in five sections. The **Introductory Section** contains the letter of transmittal, identification of the Systems' administrative organization, and descriptions of administrative responsibilities. The **Financial Section** contains the opinion of our independent auditors, Management's Discussion and Analysis (MD&A), basic financial statements and required supplementary information and schedules. The **Investment Section** contains schedules of investments and investment growth, a report from the State Treasurer, and a report from our investment consultant. The **Actuarial Section** contains our independent consulting actuary's certification letter, the results of the annual actuarial valuation, a summary of plan provisions for each System, and other actuarial related information. The **Statistical Section** contains various tables and schedules of significant data pertaining to the Systems.

Introductory Section

Profile of the Government

The South Carolina Retirement Systems are defined benefit pension plans, which provide lifetime retirement annuities, disability benefits and death benefits to eligible members. The plans' terms specify the amount of pension benefits to be provided at a future date or after a certain period of time. The amount specified is a function of a formula based on years of service, compensation and age. Our administrative and reporting structure is outlined in the introductory section of this report.

This report contains information on the following defined benefit pension trust funds:

- The South Carolina Retirement System (**SCRS**) was established July 1, 1945, to provide retirement and other benefits for teachers and employees of the state and its political subdivisions.
- The Police Officers Retirement System (**PORS**) was established July 1, 1962 to provide retirement and other benefits to police officers and firefighters.
- The Retirement System for Members of the General Assembly of the State of South Carolina (**GARS**) was established January 1, 1966, to provide retirement and other benefits to members of the General Assembly.
- The Retirement System for Judges and Solicitors of the State of South Carolina (**JSRS**) was established July 1, 1979, to provide retirement and other benefits to state Judges and Solicitors.

Summary of Financial Condition

The funding objective of the pension trust funds is to meet future benefit obligations of retirees and beneficiaries through contributions and investment earnings. Our external consulting actuaries determine the actuarial accrued liability of the Systems. In our most recent valuations dated July 1, 2003, our actuarial consultants concluded that the Systems are operating on an actuarially sound basis. Governmental accounting standards require that the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years and all four systems are considered adequately funded within GASB standards. The funded ratio for the SCRS, which represents the largest membership of the four plans, decreased from 86.0 percent to 82.8 percent, primarily due to a 2.4 percent cost-of-living adjustment effective as of July 1, 2003, changes in actuarial assumptions and methods, and other experience losses. As a result of these and other factors, the amortization period for the System's unfunded actuarial accrued liability increased from 21 to 25 years. The current funded ratios of the four plans range from 63.7 percent to 91.5 percent. More detailed information regarding the financial condition of the pension trust funds can be found in the financial and actuarial sections of this report.

For the year ended June 30, 2004, the combined Systems investment portfolio produced a total investment return net of fees of 8.76 percent. At the end of the fiscal year, the Systems had completed the process of investing up to the 40 percent equity funding target. Asset allocation of our equity investments, including interest and dividend accruals and categories classified as cash and cash equivalents, are summarized in the table below (dollar amounts expressed in millions):

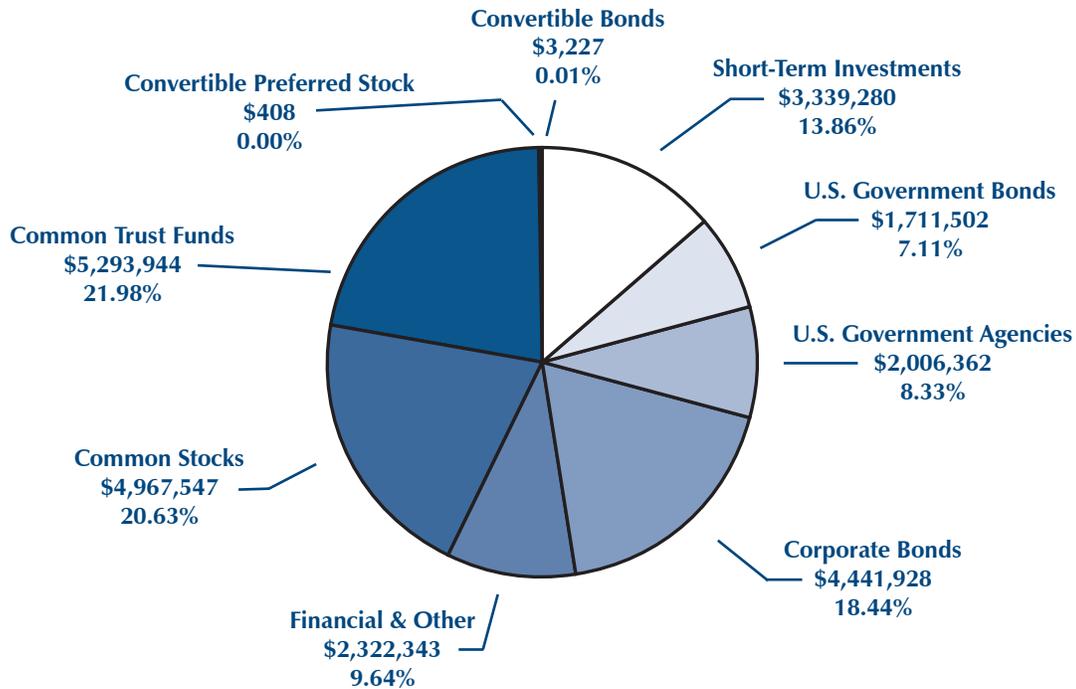
	<u>Growth</u>	<u>Core</u>	<u>Value</u>	<u>Total Active</u>	<u>Passive</u>	<u>Total</u>
Large Cap	\$ 1,372.7	\$ 948.1	\$ 1,679.2	\$ 4,000.0	\$ 4,660.7	\$ 8,660.7
Small/Mid Cap	314.3	550.8	560.0	1,425.1	295.7	1,720.8
Total	<u>\$ 1,687.0</u>	<u>\$ 1,498.9</u>	<u>\$ 2,239.2</u>	<u>\$ 5,425.1</u>	<u>\$ 4,956.4</u>	<u>\$ 10,381.5</u>

Introductory Section

An optimally diversified investment portfolio is designed to provide long-term returns. While our investment performance is limited by our state constitution and state statute, the custodian of our assets, the State Treasurer, and the Investment Panel work diligently to ensure our investment strategy is pragmatic and conservative, while providing competitive returns. The total asset allocation of investments is presented in the following graph:

South Carolina Retirement Systems Schedule of Asset Allocation

Market Value as of June 30, 2004
(Dollar amounts expressed in thousands)



Investment performance is a significant factor in our actuarial valuations. Our actuarial consultants use an actuarial asset valuation method that recognizes a portion of the difference between the actual market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return of 7.25 percent. This method recognizes 20 percent of the difference between market and expected actuarial value each year and guarantees that any gain or loss is recognized over a five-year period. The actuarial value of assets is limited to a range between 80 percent and 120 percent of market value. This actuarial asset valuation method dampens year-to-year fluctuations, smoothes the effect of volatility in the market and helps provide a consistent estimate of the value of assets. Detailed investment results for fiscal year 2004 can be found within both the financial and investment sections of this report.

For additional financial information, please refer to the management's discussion and analysis, financial statements and schedules included in the financial section of this report.

Introductory Section

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina Retirement Systems for its *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for a period of one year. The Systems has received a Certificate of Achievement for each of the last 17 consecutive years (fiscal years ended 1987-2003). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for consideration again this year.

Acknowledgments

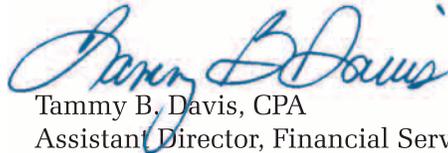
The compilation of this report reflects the combined efforts of the staff of the South Carolina Retirement Systems functioning under your leadership. The report is intended to provide comprehensive and reliable information about the Systems, to demonstrate compliance with legal provisions, and to allow for the evaluation of responsible stewardship of the funds of the Systems.

We express our gratitude to the members of the Board, the staff, the consultants, and the many people who have worked so diligently to assure the continued successful operation of the Systems.

Respectfully submitted,



Peggy G. Boykin, CPA
Director



Tammy B. Davis, CPA
Assistant Director, Financial Services

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

South Carolina
Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Governing Board and Administration

Governing Board - SC State Budget and Control Board

Mark Sanford, Chairman	Governor
Grady L. Patterson, Jr.	State Treasurer
Richard Eckstrom	Comptroller General
Hugh K. Leatherman, Sr.	Chairman, Senate Finance Committee
Robert W. Harrell, Jr.	Chairman, House Ways and Means Committee
Frank W. Fusco	Executive Director

Equity Investment Panel*

Mr. Kevin Hall, Chairman
Mr. Arthur M. Bjontegard, Jr.
Mr. Blaine Ewing, III
Ms. Mary M. Kennemur
Mr. S. Hunter Howard

Equity Investment Consultant

Mercer Investment Consulting, Inc.

Consulting Actuary

Gabriel, Roeder, Smith & Company

Retirement Systems Staff

Peggy G. Boykin, CPA	Director
Stephen R. Van Camp	General Counsel – Retirement Systems
Nancy E. Shealy	General Counsel – Investment Panel
Travis Turner, CPA	Internal Auditor
Brian Collett	Investment Research Analyst

Administration

Dianne T. Poston	Assistant Director
------------------	--------------------

Customer Services

Alice R. Copeland	Assistant Director
Lauren Chandler	Manager – Annuity Claims
Chris Pastelak	Manager – Refunds
Jeff Argondizzo	Manager – Death Claims
Marilyn Abrams	Manager – Call Center
Joe Stone	Manager – Customer Consultation Intake
Donnie Fulmer	Manager – Visitors' Center

Financial Services

Tammy B. Davis, CPA	Assistant Director
Sarah Niegsch, CPA	Manager – Accounting
Sharon Graham, CPA	Manager – Payroll
Maggie Hendry	Manager – Average Final Compensation

Information Services

Michael E. Nivens	Assistant Director
Lisa M. Phipps	Information Technology Manager
Randy Byars	Information Resource Consultant

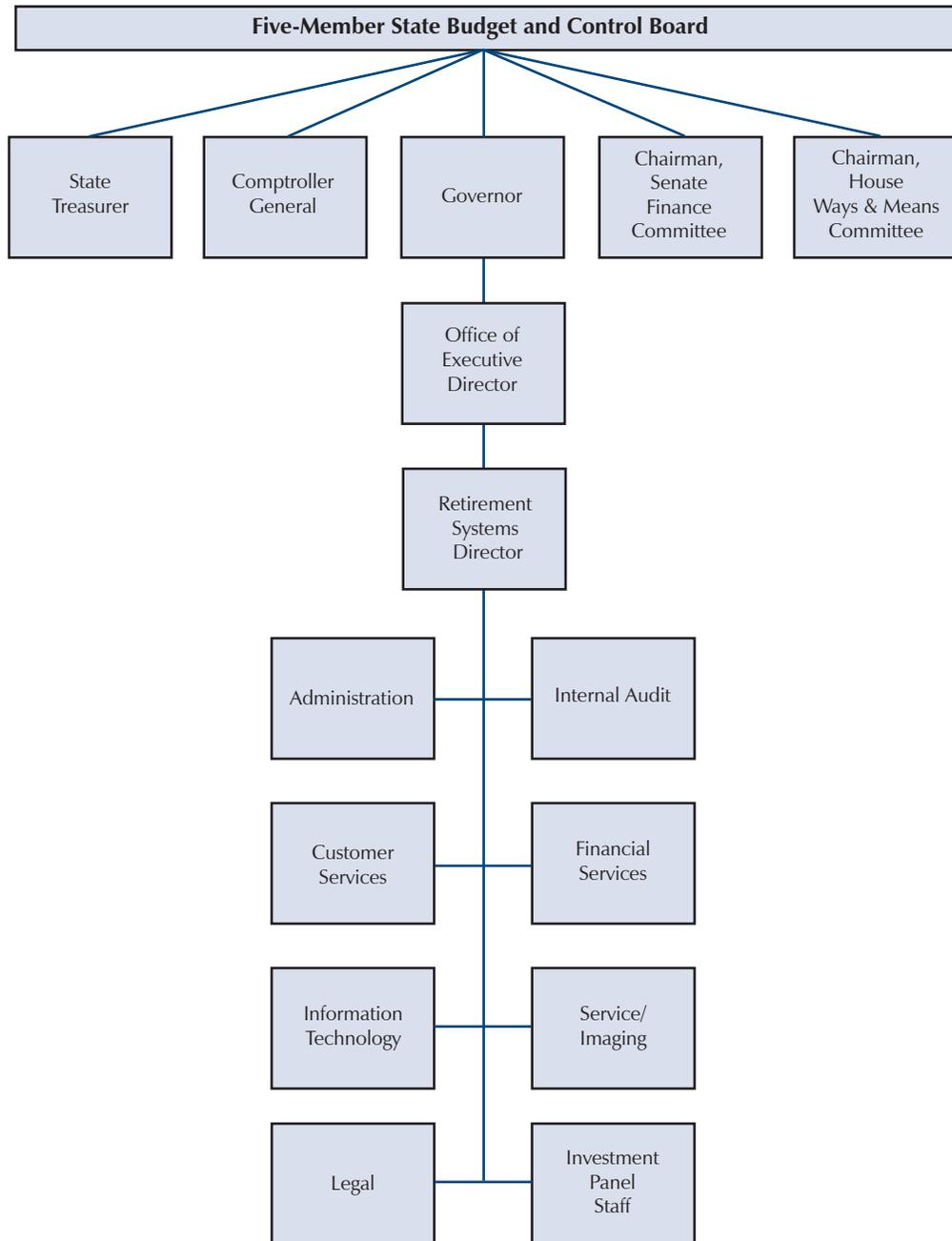
Service Credit

Amanda J. Green	Assistant Director
Sharon Pigage	Manager – Service Audit

* Refer to page 71 for a complete list of equity managers.

Introductory Section

Organizational Chart



Introductory Section

Organizational Description

The structural organization of the Systems is depicted in the organizational chart on page 13. A brief description of the primary functions performed by each department follows:

Internal Audit

Responsible for providing an independent appraisal function to examine and evaluate processes and policies, and for providing assurance to management regarding the internal control structure of the division.

Legal

Responsible for representing the South Carolina Retirement Systems in matters before circuit and appellate courts and administrative bodies, and for providing program support to the management of the South Carolina Retirement Systems.

Administration

Responsible for managerial, budgetary, and administrative oversight of all division operations; physical plant issues, operations, and maintenance; procurement; human resources activities; communications and public information; accounts payable; postal center operations and courier services; and the State Optional Retirement Program.

Customer Services

Responsible for member consultations (in person, by telephone, on-line via the Internet, or by videoconferencing) in all phases of retirement operations; the processing of customer claims relating to annuities, refunds, or death claims; training employers in all aspects of the Retirement Systems' member benefits, reporting procedures, and the Internet accessed employer information system; briefing governing bodies of prospective new employers on member benefits and new employer liability regarding potential costs associated with joining the Retirement Systems; meeting with employees as requested to present benefit overviews and preretirement education programs; and coordinating and conducting retirement seminars designed to better prepare members whose retirement is imminent.

Financial Services

Responsible for all financial reporting and accounting including the preparation of the Comprehensive Annual Financial Report; disbursing monthly payments to annuitants, refunds to terminated members and death benefit payments to eligible members; determining the average final compensation to be used in calculating a member's annuity benefit at retirement; collecting and allocating member and employer contributions; and maintaining membership enrollment and beneficiary information.

Information Technology

Responsible for the design, implementation and control of all automated applications within the Systems.

Service Credit and Imaging Services

Responsible for the computation of the cost for purchases of prior service for all members of the Retirement Systems; the auditing of service credit for our membership; and the maintenance of complete historical records of each member.

Investment Panel Staff

Responsible for providing legal, research, and administrative support to the State Retirement Systems Investment Panel, and to the South Carolina Retirement Systems and the State Budget and Control Board on issues relating to the Retirement Systems' equity investments.

Serving South Carolina's Police Officers and Firefighters

The South Carolina Police Officers Retirement System (PORS)



Sergeant David Hayes of the Great Falls (South Carolina) Police Department takes time out of his busy schedule to speak with local residents.



Columbia, South Carolina, Firefighters

Photograph of Sergeant David Hayes and residents of Great Falls, South Carolina, was taken by Ronda Parker of Lancaster, South Carolina.

Photograph of Columbia, South Carolina firefighters taken by Sam Holland of Columbia, South Carolina.

Both photographs are reprinted with permission from the respective photographers.

Financial Section



Independent Auditor's Report

The Honorable Mark Sanford, Governor,
Members of the State Budget and Control Board and
Mr. Thomas L. Wagner, Jr., CPA, State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the financial statements of the South Carolina Retirement Systems (the "Systems") as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the South Carolina Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I to the financial statements, the Systems' financial statements are intended to present the financial position and results of operations and cash flows of only that portion of the financial reporting entity of the State of South Carolina that is attributable to the transactions of the System. They do not purport to and do not present the financial position of the State of South Carolina as of June 30, 2004, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America, and do not include other agencies, divisions, or component units of the State of South Carolina.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the South Carolina Retirement Systems, as of June 30, 2004, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note VIII to the financial statements, the Systems is a party to a legal action claiming substantial amounts as a result of the computation of retirement benefits for certain retired members and the collection of excess contributions. The ultimate outcome of the litigation cannot be presently determined. Accordingly, no provision for any liability has been made in the accompanying financial statements.

Management's Discussion and Analysis on pages 19 to 23 and the required supplementary information on pages 42 and 43 are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



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*Insurance Services Offered Through
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Financial Section

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of changes in plan net assets – by system, schedule of administrative expenses, schedule of professional consultant fees, and schedule of investment expenses on pages 44 to 49 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note IX to the financial statements, management discovered a misclassification of certain deposits for the year ended June 30, 2003.

Rogers & Laban, PA

October 5, 2004

Management's Discussion and Analysis

The following discussion and analysis provides a narrative introduction to the basic financial statements and an analytical overview of the South Carolina Retirement Systems' financial activities for the fiscal year ended June 30, 2004.

Financial Highlights

- Our combined investment return net of fees for the four pension trust funds administered by the South Carolina Retirement Systems for fiscal year 2004 was 8.76 percent, compared to a combined return of 8.9 percent for fiscal year 2003. Our investment return exceeded our assumed actuarial investment return of 7.25 percent and this specific aspect of the experience results will again have a positive affect on the actuarial valuation of the systems.
- Plan net assets of the four pension trust funds administered by the South Carolina Retirement Systems increased by \$1.4 billion during fiscal year 2004. This increase was due primarily to this year's positive equity market environment, which contributed to our combined investment return of 8.76 percent for the total portfolio of our pension plans.
- The deferred retirement option program (also known as TERI, Teacher and Employee Retention Incentive), which was initiated January 1, 2001, continued to experience great popularity among our membership during fiscal year 2004. The amount of assets held in trust for future payments of accrued benefit expense increased to \$649 million during the fiscal year. This increase is a result of both a growth of over 4,000 new participants in the program during the fiscal year and the continued accumulation of benefits deferred on a monthly basis for all participants. For the past two fiscal years, legislative bills have been proposed in the SC General Assembly to repeal the TERI program; however, no action was taken on the bills. TERI has been a very controversial issue so the threat of possible repeal contributed to the large number of new participants taking advantage of TERI.
- The State Optional Retirement Program (ORP) is a defined contribution plan that is administered by the South Carolina Retirement Systems. State ORP serves as an alternative to membership in the traditional South Carolina Retirement System (SCRS), which is a defined benefit plan. Employees hired into positions with state agencies, institutions of higher education, and public school districts may elect within 30 days of their date of hire to participate in State ORP. The program was expanded this fiscal year to include eligibility for both full and part-time employees. Also, during a special open enrollment period, all existing ORP participants were offered a one-time irrevocable option to convert their membership from ORP to SCRS. Upon joining SCRS, members also have an opportunity to purchase service credit in SCRS for their period of participation in ORP. ORP service may be purchased at the rate of 16 percent of current or career highest salary for each year purchased and is considered "earned" service for purposes of meeting the 5 year earned service requirement for retirement eligibility.
- Although the number of active members contributing to the South Carolina Retirement Systems decreased in fiscal year 2004 when compared with the prior year, the actual workforce of covered employers throughout the state grew slightly. This resulted from increased State ORP participation and an increased number of working retirees who are either participating in the TERI program or who have terminated employment and returned to work under the earnings limitation. Under current state statute, a retired member of SCRS who has been retired for at least 60 days may return to employment covered under the system and earn up to \$50,000 a fiscal year without affecting the monthly retirement benefit. Under PORS, a member who has been retired for at least 15 consecutive calendar days may return to covered employment without affecting the monthly retirement benefit.
- The State Legislature approved the Claims Procedures Act creating a more efficient and fair procedure for administrative and disability retirement claim disputes. The act sets forth a one-year statute of limitations, limits retroactive relief to one year and prohibits class action lawsuits.

Financial Section

- An indemnification bill was also approved by the Legislature. This bill provides for state defense against claims or suits for members of the SC Budget and Control Board, officers, management, legislative employees, and SC Retirement System investment panel members.
- In an effort to improve fraud risk management, the Retirement System implemented positive pay banking services. On a nationwide basis, losses from check fraud and other illegal activities have increased at an alarming rate; therefore, we worked with our bank to implement processes to help monitor checks clearing our accounts and to identify potentially fraudulent items.

Overview of the Financial Statements

The Retirement Systems are a part of the primary government of the State of South Carolina and are included in the comprehensive annual financial report of the state. The Retirement Systems' financial statements provide information about the activities of the four defined benefit pension plans administered, in addition to comparative summary information about the activities of the Retirement Systems as a whole. The Plan's financial statements include the following components:

- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Notes to the Financial Statements
- Required Supplementary Information

The *Statement of Plan Net Assets* presents the Plan's assets and liabilities and the resulting net assets, which are held in trust for pension benefits. This statement reflects a year-end snapshot of the Plan's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The *Statement of Changes in Plan Net Assets* presents information showing how the Plan's net assets held in trust for pension benefits changed during the year. This statement includes additions for contributions by members and employers and investment earnings and deductions for annuity payments, refunded contributions, group life insurance payments and administrative expenses.

Notes to the Financial Statements provide additional information and detail and are necessary in order to gain a full understanding of the financial statements.

Required Supplementary Information presents information concerning the Retirement Systems' funding progress and its obligations to provide pension benefits to members. A schedule of required employer contributions and a summary of actuarial assumptions and methods are also presented.

Condensed Financial Information

In order to ensure the Retirement Systems' ability to properly fund the payments of retirement benefits to members in future years, it is necessary to accumulate funds on a regular and systematic basis. The four defined benefit funds provide benefits to eligible employees of State, public school, local and municipal government, state legislative and judicial employers.

The principal sources from which the Systems derive revenues are employee contributions, employer contributions and earnings on investments. Expenses of the Systems consist primarily of payments of monthly annuities to retired members and their beneficiaries and refunds of member contributions paid upon termination. Other programs administered by the Systems include a group life insurance plan for both active and retired members and an accidental death plan for police officers.

Condensed financial statements are presented on the following page (Page 21).

Financial Section

Plan Net Assets

June 30

(Amounts expressed in thousands)

	2004	2003	% Increase/ (Decrease)
Assets			
Cash and Cash Equivalents, Receivables and Prepaid Expenses	\$ 3,087,343	\$ 3,173,518	(2.74%)
Total Investments, at fair value	21,427,345	19,694,444	8.80%
Securities lending cash collateral invested	3,698,749	3,912,893	(5.47%)
Property, net of accumulated depreciation	3,933	4,052	(2.94%)
Total Assets	28,217,370	26,784,907	5.35%
Liabilities			
Deferred retirement benefits	649,385	424,906	52.83%
Obligations under securities lending	3,698,749	3,912,893	(5.47%)
Other accounts payable	86,497	67,738	26.71%
Total Liabilities	4,434,631	4,405,537	0.65%
Total Net Assets	\$ 23,782,739	\$ 22,379,370	6.27%

Changes in Plan Net Assets

Year Ended June 30

(Amounts expressed in thousands)

	2004	2003	% Increase/ (Decrease)
Additions			
Employee Contributions	\$ 473,688	\$ 465,709	1.71%
Employer Contributions	612,727	607,499	0.86%
Investment Income	1,985,109	1,859,758	6.74%
Other Income	5,232	4,350	20.28%
Total Additions	3,076,756	2,937,316	4.75%
Deductions			
Total Annuities	1,561,371	1,405,309	11.11%
Refunds	78,423	71,657	9.44%
Group Life	15,202	16,366	(7.11%)
Administrative & other expenses	18,391	16,170	13.74%
Total Deductions	1,673,387	1,509,502	10.86%
Increase (Decrease) in Net Assets	1,403,369	1,427,814	(1.71%)
Beginning Net Assets	22,379,370	20,951,556	6.81%
Ending Net Assets	\$ 23,782,739	\$ 22,379,370	6.27%

Analysis of Plan's Financial Position and Results of Operations

On a combined basis, plan net assets were \$23.8 billion at June 30, 2004, representing a 6.27 percent increase in net assets from the previous year-end. Because investment income is a major revenue source, the increase in plan net assets is due in large part to our positive investment performance during fiscal year 2004. We have now completed five full years of investment in the US equity market and those returns are slightly ahead of the benchmark. Our actual combined investment return for fiscal year 2004 was 8.76 percent, which exceeded our assumed actuarial investment return by 1.51 percent and will have a positive actuarial impact. During fiscal year 2004, the Systems completed the process of investing up to the 40 percent equity funding target, producing a 20.88 percent return on the equity segment of the portfolio. Similarly, fiscal year 2003 produced a combined positive investment return of 8.9 percent; however, this was during a time when world equity markets experienced high volatility. During fiscal year 2003, an essentially zero return was realized on the equity segment of our portfolio, whereas the plans realized returns in excess of 10 percent on the fixed income segment. While the fluctuations in returns between market segments exemplify the need for an optimally diversified investment portfolio, the Retirement Systems' investment performance is limited by our state constitution and state statute. For an extensive discussion of our investments, please see the investment section of this report.

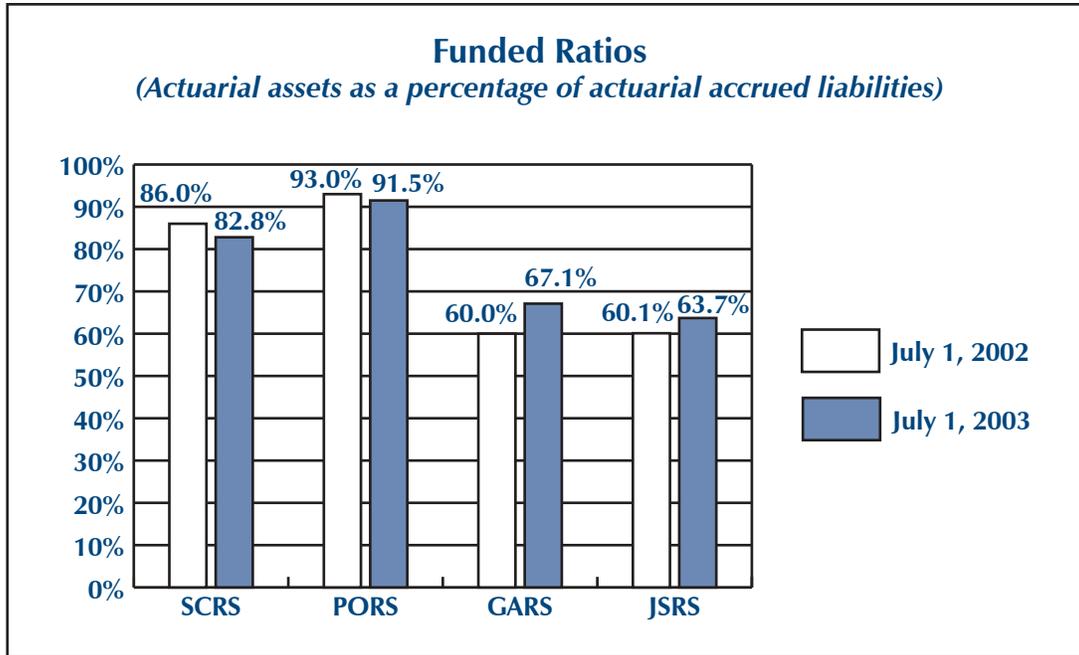
During fiscal year 2004, the total dollar amount of retirement annuities paid increased by 11.11 percent when compared with the previous fiscal year. This was due primarily to the continued popularity of the deferred retirement option (also known as TERI – Teacher and Employee Retention Incentive). The TERI program allows a member to accumulate monthly retirement benefits on a tax-deferred basis, while continuing to earn a salary from full-time employment. The SCRS retains the accumulated TERI retirement benefits in trust for the member, thus creating a liability for benefits to be disbursed by SCRS upon members' termination from employment.

The continued effects of 28-year retirement in the SCRS system and the impact of the number of eligible employees electing retirement contributed to the increase in expenses. A 2.4 percent cost-of-living adjustment (COLA) granted to SCRS and PORS annuitants effective July 1, 2003 also contributed to the increase in the total annuity expense. The annual COLA is arguably the most important benefit to our retirees and is critical to ensuring that retiree income is not eroded by inflation. The COLA is not guaranteed; it is conditional. Ad hoc COLAs have historically been granted and funded with either unanticipated actuarial gains or an extension of the system's unfunded actuarial accrued liability (UAAL) amortization period. With a 25 year UAAL amortization period for SCRS, it is questionable whether the system can continue to fund the COLA without additional contributions or increased investment returns.

Funding Status

An overall objective in the funding of a defined benefit retirement system is to accumulate sufficient funds to pay benefits to participants when due. The greater the level of funding, the larger the ratio of actuarial assets to actuarial accrued liabilities. The most recent actuarial valuations as of July 1, 2003, indicate that the funded ratio of the two larger plans, SCRS and PORS, declined slightly from the previous valuation completed July 1, 2002. The funded ratio in the two smaller plans, GARS and JSRS, increased slightly from the previous valuation. Funding levels of all the plans are such that annual contributions are sufficient for the valuation to find the plans in good actuarial condition as of July 1, 2003. The changes in the levels of funding do not affect the availability of fund resources for future use. The funded ratios of the four plans are presented in the graph on the following page (Page 23).

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In addition to the annual actuarial valuations, an experience analysis was conducted separately on each of the four plans during the fiscal year. Recommended actuarial assumptions and methods used in connection with the actuarial valuation reflect a more accurate portrayal of the actuarial condition of the systems.

Requests for Information

This financial report is designed to provide a general overview of the Retirement Systems' finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed as follows:

Financial Services
South Carolina Retirement Systems
PO Box 11960
Columbia, SC 29211-1960
(803) 737-6800
www.retirement.sc.gov

Financial Section

South Carolina Retirement Systems

Statement of Plan Net Assets

June 30, 2004

With comparative totals for June 30, 2003
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2003
ASSETS						
Cash and cash equivalents	\$ 2,516,500	\$ 251,741	\$ 4,661	\$ 16,504	\$ 2,789,406	\$ 2,865,141
Receivables						
Due from other Systems		608	2	88	698	599
Employee and employer contributions	109,990	13,204	45	285	123,524	123,792
Employer contributions long-term	2,007	10			2,017	1,567
Accrued investment income	108,379	12,853	281	700	122,213	161,613
Unsettled investment sales	43,356	5,195	99	224	48,874	20,210
Total receivables	<u>263,732</u>	<u>31,870</u>	<u>427</u>	<u>1,297</u>	<u>297,326</u>	<u>307,781</u>
Investments, at fair value						
Short-term securities	569,987	110,097			680,084	
United States Government securities	1,543,220	164,834	1,928	1,520	1,711,502	2,198,688
United States Government agencies and government-insured	1,692,165	299,038	3,747	11,412	2,006,362	1,792,774
Corporate bonds	3,941,559	464,919	9,803	25,647	4,441,928	5,178,951
Convertible bonds	2,858	348	6	15	3,227	5,330
Financial and other	2,046,082	263,246	3,865	9,150	2,322,343	2,599,272
Common trust funds	4,702,841	556,138	10,832	24,133	5,293,944	3,967,751
Common stock	4,406,512	528,133	10,164	22,738	4,967,547	3,951,288
Convertible preferred stock	361	44	1	2	408	390
Total investments	<u>18,905,585</u>	<u>2,386,797</u>	<u>40,346</u>	<u>94,617</u>	<u>21,427,345</u>	<u>19,694,444</u>
Prepaid administrative expenses	540	67	1	3	611	596
Securities lending cash collateral invested	3,272,155	407,560	5,979	13,055	3,698,749	3,912,893
Capital assets, net of accumulated depreciation	3,544	362	10	17	3,933	4,052
Total assets	<u>24,962,056</u>	<u>3,078,397</u>	<u>51,424</u>	<u>125,493</u>	<u>28,217,370</u>	<u>26,784,907</u>
LIABILITIES						
Due to other Systems	622		76		698	599
Accounts payable - unsettled investment purchases	44,569	5,303	102	229	50,203	31,070
Investment fees payable	4,438	531	10	23	5,002	4,198
Obligations under securities lending	3,272,155	407,560	5,979	13,055	3,698,749	3,912,893
Deferred retirement benefits	649,385				649,385	424,906
Due to Employee Insurance Program	25,746	499			26,245	28,164
Benefits payable	1,734	355			2,089	2,633
Other accrued liabilities	2,008	251	1		2,260	1,074
Total liabilities	<u>4,000,657</u>	<u>414,499</u>	<u>6,168</u>	<u>13,307</u>	<u>4,434,631</u>	<u>4,405,537</u>
Net assets held in trust for Pension Benefits (a schedule of funding progress for each plan is presented on Page 42)	<u>\$20,961,399</u>	<u>\$2,663,898</u>	<u>\$ 45,256</u>	<u>\$ 112,186</u>	<u>\$23,782,739</u>	<u>\$22,379,370</u>

The accompanying notes are an integral part of these financial statements.

Financial Section

South Carolina Retirement Systems Statement of Changes in Plan Net Assets Year Ended June 30, 2004

With comparative totals for the year ended June 30, 2003
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2003
Additions						
Contributions						
Employee	\$ 414,898	\$ 56,602	\$ 513	\$ 1,675	\$ 473,688	\$ 465,709
Employer	515,996	87,922	2,731	6,078	612,727	607,499
Total contributions	<u>930,894</u>	<u>144,524</u>	<u>3,244</u>	<u>7,753</u>	<u>1,086,415</u>	<u>1,073,208</u>
Investment Income						
Net appreciation (depreciation) in fair value of investments	1,137,034	138,628	2,401	5,495	1,283,558	1,030,254
Interest and dividend income	628,290	74,450	1,643	3,736	708,119	829,701
Investment expense	(20,620)	(2,428)	(47)	(104)	(23,199)	(18,881)
Net income from investing activities	<u>1,744,704</u>	<u>210,650</u>	<u>3,997</u>	<u>9,127</u>	<u>1,968,478</u>	<u>1,841,074</u>
From securities lending activities:						
Securities lending income	50,989	5,818	110	224	57,141	66,037
Securities lending expense	(36,007)	(4,267)	(76)	(160)	(40,510)	(47,353)
Net income from securities lending activities	<u>14,982</u>	<u>1,551</u>	<u>34</u>	<u>64</u>	<u>16,631</u>	<u>18,684</u>
Total net investment income	<u>1,759,686</u>	<u>212,201</u>	<u>4,031</u>	<u>9,191</u>	<u>1,985,109</u>	<u>1,859,758</u>
Supplemental retirement benefits funded by the State	2,328	72			2,400	2,770
Transfers of contributions from other Systems	69	2,545		218	2,832	1,580
Total additions	<u>2,692,977</u>	<u>359,342</u>	<u>7,275</u>	<u>17,162</u>	<u>3,076,756</u>	<u>2,937,316</u>
Deductions						
Refunds of contributions to members	66,505	11,918			78,423	71,657
Transfers of contributions to other Systems	2,677	24	131		2,832	1,580
Regular retirement benefits	1,103,336	140,317	5,347	8,605	1,257,605	1,160,917
Deferred retirement benefits	300,294				300,294	240,667
Supplemental retirement benefits	2,328	72			2,400	2,770
Group life insurance claims	13,515	1,555	8	124	15,202	16,366
Accidental death benefits		1,072			1,072	955
Depreciation	107	11	1		119	119
Administrative charges	13,641	1,697	30	72	15,440	14,471
Total deductions	<u>1,502,403</u>	<u>156,666</u>	<u>5,517</u>	<u>8,801</u>	<u>1,673,387</u>	<u>1,509,502</u>
Net increase (decrease)	1,190,574	202,676	1,758	8,361	1,403,369	1,427,814
Net assets held in trust for Pension Benefits						
Beginning of year	19,770,825	2,461,222	43,498	103,825	22,379,370	20,951,556
End of year	<u>\$20,961,399</u>	<u>\$ 2,663,898</u>	<u>\$ 45,256</u>	<u>\$ 112,186</u>	<u>\$23,782,739</u>	<u>\$22,379,370</u>

The accompanying notes are an integral part of these financial statements.

South Carolina Retirement Systems Notes to Financial Statements

I. Basis of Presentation and Summary of Significant Accounting Policies

Description of the Entity

The financial statements of the South Carolina Retirement Systems (Systems) presented herein contain the following funds:

Pension Trust Funds

- South Carolina Retirement System (SCRS)
- South Carolina Police Officers Retirement System (PORS)
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS)
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS)

Each pension trust fund operates on an autonomous basis; funds may not be utilized for any purpose other than for the benefit of each plan's participants.

The Retirement Systems are part of the State of South Carolina's primary government and are included in the *Comprehensive Annual Financial Report of the State of South Carolina*. In making this determination, factors of financial accountability, governance and fiduciary responsibility of the State were considered.

Plan Descriptions

The South Carolina Retirement System, a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the State and political subdivisions thereof.

The South Carolina Police Officers Retirement System, a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

The Retirement System for Members of the General Assembly of the State of South Carolina, a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and other benefits for members of the General Assembly.

The Retirement System for Judges and Solicitors of the State of South Carolina, a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges and solicitors of the state.

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A summary of information related to participating employers and active members as of June 30, 2004, follows (dollar amounts expressed in thousands):

	State*	School	Other	Total
SCRS				
Number of Employers	109	97	557	763
Annual Covered Payroll	\$ 1,927,286	\$ 2,634,687	\$ 1,423,356	\$ 5,985,329
Average Number of Contributing Members	57,566	83,421	49,784	190,771
PORS				
Number of Employers	46	4	264	314
Annual Covered Payroll	\$ 293,329	\$ 147	\$ 485,007	\$ 778,483
Average Number of Contributing Members	10,032	6	14,390	24,428
GARS				
Number of Employers	2			2
Annual Covered Payroll	\$ 3,179			\$ 3,179
Number of Elected Positions	170			170
JSRS				
Number of Employers	2			2
Annual Covered Payroll	\$ 14,190			\$ 14,190
Average Number of Contributing Members	128			128

*Note: Each state agency is considered a separate employer for reporting purposes. Institutions of Higher Education are reported in this category.

Based upon the most recent, complete actuarial valuation (July 1, 2003), membership in the Systems was as follows:

	SCRS	PORS	GARS	JSRS
Retirees and beneficiaries currently receiving benefits	84,420	8,427	294	130
Terminated members entitled to but not yet receiving benefits	142,245	8,965	68	4
Total active, elected positions, and other special contributing members	185,538	23,871	212	128
Total	412,203	41,263	574	262

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A brief summary of benefit provisions and eligibility criteria is presented.

Membership

SCRS

Generally, all employees of covered employers are required to participate in and contribute to the System as a condition of employment. This plan covers general employees and teachers.

State ORP

As an alternative to membership in SCRS, certain state, public school, and higher education employees have the option to participate in the State Optional Retirement Program (State ORP). State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The SCRS assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them. For this reason, State ORP programs are not considered part of the SCRS for financial statement purposes.

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (6 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for a portion of the employer contribution (2.55 percent) and a group life contribution (.15 percent), which is retained by the SCRS. The activity for the State ORP is as follows:

State ORP Activity
Year Ended June 30, 2004
(Amounts expressed in thousands)

Covered Payroll	\$ 386,470
Employer Contributions Retained by SCRS	9,855
Group Life Contributions Retained by SCRS	580
Employee Contributions to Investment Providers	23,188
Employer Contributions to Investment Providers	19,323

PORS

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in

PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.

GARS

All persons are required to participate in and contribute to the System upon taking office as a member of the General Assembly.

JSRS

All solicitors, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the System upon taking office.

Pension Benefits

SCRS

A monthly pension is payable at age 65 or with 28 years credited service regardless of age. Reduced pension benefits are payable at age 55 with 25 years of service credit. A member is eligible to receive a deferred annuity at age 60 with five years earned service. A group life insurance benefit is also provided to members with at least one year of service.

PORS

A monthly pension is payable at age 55 with a minimum of five years earned service or with 25 years of service regardless of age. A member is eligible to receive a deferred annuity at age 55 with five years earned service. A group life insurance benefit is also provided to members with at least one year of service. An additional accidental death benefit is provided to officers killed in the line of duty.

SCRS and PORS retirees may receive ad hoc cost-of-living adjustments of up to 4 percent annually based on increases in the Consumer Price Index. The State Budget and Control Board grants increases in accordance with its funding policies and state statute.

GARS

A member is eligible for a monthly pension at age 60 or with 30 years credited service. Effective January 1, 2003, a member who has attained the age of 70 years or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. A group life insurance benefit is also provided to members with at least one year of service.

JSRS

A pension benefit is payable at age 70 with 15 years service, age 65 with 20 years service, age 65 with four years in a JSRS position and 25 years other service with the state, 25 years service regardless of age for a judge or 24 years of service for a solicitor regardless of age. A judge is vested in the system after attaining 10 years of earned service in the position of judge, and a solicitor is vested in the system after attaining eight years of earned service as a solicitor. A group life insurance benefit is also provided to members with at least one year of service.

GARS and JSRS retirees receive increases in benefits based upon increases in current salary of the respective active positions.

Membership, benefits and employee and employer contribution requirements are prescribed in Title 9 of the South Carolina Code of Laws.

Summary of Significant Accounting Policies

Fund Structure

The Systems' accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate pension trust funds (fiduciary fund type) are used to account for the activities of the four public employee retirement systems administered by the Systems.

Basis of Accounting

All funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

Administrative Expenses

The State Budget and Control Board's Office of Internal Operations maintains an internal service fund to account for the administrative costs of operating the Systems. All accounting and corresponding disclosures related to administrative expense, which include employee salaries and associated employee benefits, are the responsibility of the internal service fund administered by the Board. This fund assesses administrative charges to each of the pension trust funds based on its respective portion of total assets in order to pay for actual expenses incurred during the year.

Cash and Cash Equivalents

The Systems classify cash on deposit in financial institutions and cash on deposit in the State's internal cash management pool as cash and cash equivalents. The Systems also classify certain short-term highly liquid securities with an original maturity of three months or less as cash equivalents.

Contributions

Employee and employer contributions are reported in the period in which the contributions are due. Substantially all contributions receivable are collected within 30 days of year-end. Under certain conditions new employers entering the System are allowed up to 10 years to remit matching employer contributions resulting from their employee's purchase of prior service credits. Interest is assessed annually on the unpaid balance of these accounts.

Investments

Investments are reported at fair value. Short term securities categorized as cash or cash equivalents are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, dividend income earned, less investments expense, plus income from securities lending activities, less deductions for security lending expenses. Securities and securities transactions are reflected in the financial statements on a trade-date basis.

Capital Assets

Capital assets are capitalized at cost and depreciated on a straight-line basis over an estimated useful life of forty years.

II. Contributions and Reserves

Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws.

Plan members are required to contribute at the following statutorily established rates:

SCRS	6% of earnable compensation
PORS	6.5% of earnable compensation
GARS	10% of earnable compensation
JSRS	7% of earnable compensation

Employer contributions are established by the State Budget and Control Board at the actuarially determined rates recommended by the Systems' actuary.

In accordance with provisions of the 2003-2004 State Appropriations Act, an additional employer contribution surcharge of 3.30 percent of covered payroll was added to the contribution rate applicable to State and

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local governments, and Public School entities covered by the Employee Insurance Program. This assessment is for the purpose of providing retiree health and dental insurance coverage and is not a part of the actuarially established contribution rates. Functioning as a collecting agent, SCRS and PORS collected (amounts expressed in thousands) \$180,423 and \$9,957 respectively in retiree insurance surcharges (\$12,739 of which was applicable to the State ORP) and remitted these funds to the Employee Insurance Program.

Net Assets of each plan are required to be reserved in the following accounts:

The Employee Fund is credited with all contributions made by active members of the Systems. Interest is added to each member's individual account at an annual rate of 6 percent. Upon termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the employee. Upon retirement, members' accumulated contributions and interest are transferred to the Employer Fund for subsequent payment of benefits.

The Employer Fund is the fund to which all employer retirement contributions and investment earnings of the Employee and Employer Funds are credited.

Interest earnings allocated to individual member accounts in the Employee Fund are transferred from the Employer Fund. At retirement, accumulated employee contributions and interest are transferred from the Employee Fund to the Employer Fund. All annuities of the Systems are paid from the Employer Fund. Administrative expenses are paid from this fund.

The Group Life Insurance Fund (SCRS and PORS only) is the fund to which participating employers contribute for the purpose of providing a life insurance benefit to active and retired members of the Systems. Employer contributions and earnings are credited to this fund. Group life insurance benefit payments are charged to this fund. Administrative expenses are paid from this fund.

The Accidental Death Fund (PORS only) is the fund to which participating employers contribute for the purpose of providing annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. This fund and its benefits are independent of any other retirement benefit available to the beneficiary. Employer contributions and investment earnings are credited to this fund. Monthly annuities are disbursed from this fund. Administrative expenses are paid from this fund.

Balances in the respective reserves at June 30, 2004, were as follows (amounts expressed in thousands):

	SCRS	PORS	GARS	JSRS
Employee Fund	\$ 4,750,077	\$ 548,699	\$ 8,485	\$ 17,640
Employer Fund	16,100,052	2,070,470	36,771	94,546
Group Life Insurance Fund	111,270	20,550		
Accidental Death Fund		24,179		
	\$ 20,961,399	\$ 2,663,898	\$ 45,256	\$ 112,186

III. Deposits and Investments

Deposits

As prescribed by statute, the State Treasurer is the custodian of all deposits and is the investment manager of all fixed income investments of the Systems. As custodian, the State Treasurer is responsible for securing all deposits held by banks or savings and loan associations. These deposits must be secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against loss in the event of insolvency or liquidation of the institution or for any other cause. All deposits are required to be insured or collateralized with securities held by the State or its agent in the State Treasurer's name as custodian. Category 1 deposits are insured or collateralized with securities held by the Systems or by its agent in the Systems' name. Category 2 deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the Systems' name. Category 3 deposits are uncollateralized. The carrying amount of the Systems' deposits at June 30, 2004, by credit risk was as follows (amounts expressed in thousands):

	Risk Category 1	Risk Category 2	Risk Category 3	Total Deposits
SCRS	\$ 15,786	None	\$ 100,836	\$ 116,622
PORS	770		12,058	12,828
GARS	4		232	236
JSRS	5		519	524
Totals	<u>\$ 16,565</u>		<u>\$ 113,645</u>	<u>\$ 130,210</u>

During fiscal year 2004, the Systems' highest balance under category 3 was approximately \$159,260,000.

Investments

The Systems may invest in a variety of instruments including obligations of the United States and its agencies and securities fully guaranteed by the United States, certain corporate obligations, certain shares of Federal savings and loan associations and State Chartered savings and loan associations, collateralized repurchase agreements, and equity securities. Governmental accounting standards require that the investments reported as of the balance sheet date be categorized according to the level of credit risk associated with the Systems' custodial arrangements at that time. The level of credit risk is defined as follows: Category 1 – insured and registered, or securities held by the Systems or in the Systems' name; Category 2 – uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Systems' name; and Category 3 – uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Systems' name.

The tables on pages 32-36 present the credit risk and fair value of investments (amounts expressed in thousands) by system and type at June 30, 2004. For purposes of classification in these tables, a security is a transferable financial instrument that evidences ownership or creditorship. Investments included in the "Equities - S&P 500 Index," "Equities - Russell 2000 Index," and "Equities - Barclays Global Investors Alpha Tilts Fund" are common trust funds and are not considered securities for purposes of credit risk classification.

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South Carolina Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2004</u>	<u>June 30, 2003</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
Investments - categorized:					
Short term securities	\$ 569,987	None	None	\$ 569,987	
U.S. Government securities:					
Unloaned securities	1,036,463			1,036,463	\$ 1,207,220
On securities loan-noncash collateral	6,272			6,272	32,908
U.S. Government agencies:					
Unloaned securities	295,988			295,988	251,362
On securities loan-noncash collateral	71,299			71,299	
Corporate bonds:					
Unloaned securities	3,820,484			3,820,484	4,431,183
Financial & other	2,046,082			2,046,082	2,331,371
Convertible bonds:					
Unloaned securities	2,858			2,858	2,628
Common stock:					
Unloaned securities	3,160,423			3,160,423	2,359,930
On securities loan-noncash collateral	9			9	
Convertible Preferred stock	361			361	345
Total - categorized	<u>\$ 11,010,226</u>			<u>11,010,226</u>	<u>10,616,947</u>
Investments - not categorized:					
Common trust funds:					
Equities - S&P 500 Index Fund				4,139,819	3,467,855
Equities - Russell 2000 Index Fund				263,161	57,624
Equities - Barclays Global Investors Alpha Tilts Fund				299,860	
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities				500,485	754,569
U.S. Government agencies				1,324,878	1,329,159
Corporate bonds				121,075	180,597
Convertible bonds					2,092
Common stock				1,246,081	1,148,354
Total - not categorized				<u>7,895,359</u>	<u>6,940,250</u>
Total investments				18,905,585	17,557,197
Securities lending cash collateral invested			\$ 3,272,155	3,272,155	3,535,984
Total			<u>\$ 3,272,155</u>	<u>\$ 22,177,740</u>	<u>\$ 21,093,181</u>

Financial Section

Police Officers Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2004</u>	<u>June 30, 2003</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
Investments - categorized:					
Short term securities	\$ 110,097	None	None	\$ 110,097	
U.S. Government securities:					
Unloaned securities	104,439			104,439	\$ 103,580
On securities loan-noncash collateral	25,585			25,585	433
U.S. Government agencies:					
Unloaned securities	90,249			90,249	115,456
On securities loan-noncash collateral	2,954			2,954	
Corporate bonds:					
Unloaned securities	458,517			458,517	500,915
Financial & other	263,246			263,246	254,065
Convertible bonds:					
Unloaned securities	348			348	320
Common stock:					
Unloaned securities	376,567			376,567	277,138
On securities loan-noncash collateral	1			1	
Convertible Preferred stock	44			44	42
Total - categorized	<u>\$ 1,432,047</u>			<u>1,432,047</u>	<u>1,251,949</u>
Investments - not categorized:					
Common trust funds:					
Equities - S&P 500 Index Fund				490,120	409,717
Equities - Russell 2000 Index Fund				30,517	6,333
Equities - Barclays Global Investors Alpha Tilts Fund				35,501	
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities				34,810	92,783
U.S. Government agencies				205,835	81,073
Corporate bonds				6,402	24,878
Convertible bonds					255
Common stock				151,565	139,938
Total - not categorized				<u>954,750</u>	<u>754,977</u>
Total investments				2,386,797	2,006,926
Securities lending cash collateral invested			\$ 407,560	407,560	352,687
Total			<u>\$ 407,560</u>	<u>\$ 2,794,357</u>	<u>\$ 2,359,613</u>

Financial Section

General Assembly Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2004</u> <u>Fair Value</u>	<u>June 30, 2003</u> <u>Fair Value</u>
	1	2	3		
Investments - categorized:					
U.S. Government securities:					
Unloaned securities	\$ 601	None	None	\$ 601	\$ 1,202
On securities loan-noncash collateral	530			530	
U.S. Government agencies:					
Unloaned securities	2,665			2,665	2,331
Corporate bonds:					
Unloaned securities	8,633			8,633	10,449
Financial & other	3,865			3,865	4,215
Convertible bonds:					
Unloaned securities	6			6	5
Common stock:					
Unloaned securities	7,420			7,420	5,411
Convertible Preferred stock	1			1	1
Total - categorized	\$ 23,721			\$ 23,721	\$ 23,614
 Investments - not categorized:					
Common trust funds:					
Equities - S&P 500 Index Fund				9,510	7,991
Equities - Russell 2000 Index Fund				633	154
Equities - Barclays Global Investors Alpha Tilts Fund				689	
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities				797	2,814
U.S. Government agencies				1,082	1,437
Corporate bonds				1,170	1,459
Convertible bonds					5
Common stock				2,744	2,573
Total - not categorized				16,625	16,433
Total investments				40,346	40,047
Securities lending cash collateral invested			\$ 5,979	5,979	8,633
Total			\$ 5,979	\$ 46,325	\$ 48,680

Financial Section

Judges and Solicitors Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2004</u>	<u>June 30, 2003</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
Investments - categorized:					
U.S. Government securities:					
Unloaned securities	\$	42	None	\$	42
On securities loan-noncash collateral		318		318	\$
U.S. Government agencies:					
Unloaned securities		6,834		6,834	6,265
On securities loan-noncash collateral		97		97	
Corporate bonds:					
Unloaned securities		25,107		25,107	28,381
Financial & other		9,150		9,150	9,621
Convertible bonds:					
Unloaned securities		15		15	14
Common stock:					
Unloaned securities		16,258		16,258	11,867
Convertible Preferred stock		2		2	2
Total - categorized	\$	57,823		57,823	57,319
Investments - not categorized:					
Common trust funds:					
Equities - S&P 500 Index Fund				21,278	17,809
Equities - Russell 2000 Index Fund				1,314	268
Equities - Barclays Global Investors Alpha Tilts Fund				1,541	
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities				1,160	2,010
U.S. Government agencies				4,481	5,691
Corporate bonds				540	1,089
Convertible bonds					11
Common stock				6,480	6,077
Total - not categorized				36,794	32,955
Total investments				94,617	90,274
Securities lending cash collateral invested			\$	13,055	15,589
Total			\$	107,672	\$
				105,863	

Financial Section

Summary for South Carolina Retirement Systems

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2004</u>	<u>June 30, 2003</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
Investments - categorized:					
Short term securities	\$ 680,084	None	None	\$ 680,084	
U.S. Government securities:					
Unloaned securities	1,141,545			1,141,545	\$ 1,313,171
On securities loan-noncash collateral	32,705			32,705	33,341
U.S. Government agencies:					
Unloaned securities	395,736			395,736	375,414
On securities loan-noncash collateral	74,350			74,350	
Corporate bonds:					
Unloaned securities	4,312,741			4,312,741	4,970,928
Financial & other	2,322,343			2,322,343	2,599,272
Convertible bonds:					
Unloaned securities	3,227			3,227	2,967
Common stock:					
Unloaned securities	3,560,668			3,560,668	2,654,346
On securities loan-noncash collateral	10			10	
Convertible Preferred stock	408			408	390
Total - categorized	<u>\$ 12,523,817</u>			<u>\$ 12,523,817</u>	<u>\$ 11,949,829</u>
Investments - not categorized:					
Common trust funds:					
Equities - S&P 500 Index Fund				4,660,727	3,903,372
Equities - Russell 2000 Index Fund				295,625	64,379
Equities - Barclays Global Investors Alpha Tilts Fund				337,591	
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government securities				537,252	852,176
U.S. Government agencies				1,536,276	1,417,360
Corporate bonds				129,187	208,023
Convertible bonds					2,363
Common stock				1,406,870	1,296,942
Total - not categorized				<u>8,903,528</u>	<u>7,744,615</u>
Total investments				21,427,345	19,694,444
Securities lending cash collateral invested			\$ 3,698,749	<u>3,698,749</u>	<u>3,912,893</u>
Total			<u>\$ 3,698,749</u>	<u>\$ 25,126,094</u>	<u>\$ 23,607,337</u>

Financial Section

Certain short-term, highly liquid securities, which were insured or registered by the Systems or in the Systems' name (investment credit risk category 1), with an original maturity of three months or less are considered cash equivalents in accordance with Governmental Accounting Standards Board Statement 9. These investments (amounts expressed in thousands) at June 30, 2004, were composed of the following:

Cash Equivalents

	Repurchase Agreements	Commercial Paper	U.S. Government Agency Discount Notes	Total	Total 2003
SCRS	\$ 2,139,800	\$ 260,078		\$ 2,399,878	\$ 2,412,238
PORS	174,380	54,564	\$ 9,969	238,913	426,470
GARS	4,425			4,425	3,031
JSRS	15,980			15,980	12,383
Totals	<u>\$ 2,334,585</u>	<u>\$ 314,642</u>	<u>\$ 9,969</u>	<u>\$ 2,659,196</u>	<u>\$ 2,854,122</u>

The Systems maintains a portfolio of short-term securities in order to actively manage all funds waiting to be placed in a more permanent investment. As of June 30, 2003, all short-term securities had an original maturity of three months or less and were classified as cash equivalents. As of June 30, 2004, the Systems held the following short-term investments with maturities of less than one year (amounts expressed in thousands):

Short-term Securities

	U.S. Government Agency Discount Notes	Commercial Paper	Total	Total 2003
SCRS	\$ 525,076	\$ 44,911	\$ 569,987	\$ -
PORS	95,383	14,714	110,097	-
Totals	<u>\$ 620,459</u>	<u>\$ 59,625</u>	<u>\$ 680,084</u>	<u>\$ -</u>

Effective May 26, 1998, legislation was passed implementing the 1996 public vote amending the State Constitution to allow the Retirement Systems to invest in equity securities. This legislation established a five-member investment panel responsible for defining and developing the investment objectives and the types of investments to be purchased. The Act also specified that a maximum of 10 percent of the assets for each system may be invested in equities annually until a maximum of 40 percent of assets are invested in equities. As of June 30, 2004, the Retirement Systems' assets were invested in equities as follows (amounts expressed in thousands):

Equity Investments

	Common Trust Funds			Common Stock	Convertible Preferred Stock	Total Equities	Total 2003
	S&P 500 Index Fund	Russell 2000 Index Fund	Barclays Global Investors Alpha Tilts Fund				
SCRS	\$ 4,139,819	\$ 263,162	\$ 299,860	\$ 4,406,512	\$ 361	\$ 9,109,714	\$ 7,034,108
PORS	490,120	30,517	35,501	528,133	44	1,084,315	833,168
GARS	9,510	633	689	10,164	1	20,997	16,130
JSRS	21,278	1,314	1,541	22,738	2	46,873	36,023
Totals	<u>\$ 4,660,727</u>	<u>\$ 295,626</u>	<u>\$ 337,591</u>	<u>\$ 4,967,547</u>	<u>\$ 408</u>	<u>\$ 10,261,899</u>	<u>\$ 7,919,429</u>

The Systems retains a consultant to provide investment consulting services necessary to fulfill the duties for investing in equity securities. As of June 30, 2004, 14 individual agreements were in place between the Systems and equity investment managers.

Financial Section

On June 30, 2004, the Systems held collateralized mortgage obligations (CMOs) in its portfolios. The CMOs in these portfolios consist of the planned amortizations class-1 (PAC-1) tranche of these issues. The PAC-1 tranche CMO structure securities were entered into for several reasons: (1) to protect the Retirement Systems' portfolios from principal prepayment risk during an environment of declining interest rates, (2) to provide incremental yield above that available on corporate securities with similar terms, (3) to provide diversification in the portfolios, (4) to maintain the high quality of government-sponsored credits in the portfolios, and (5) to utilize the estimated future term cash flows provided by these securities to match the term of the liabilities of the Retirement Systems. These securities are all rated AAA by the major rating agencies and the PAC-1 structure is a highly marketable security.

The Systems held the following CMOs included in the financial and other category (amounts expressed in thousands):

Collateral Mortgage Obligations (CMOs)

	June 30, 2004	June 30, 2003
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 361,563	\$ 428,718
PORS	14,857	15,219
GARS	281	511
JSRS	222	404
Totals	<u>\$ 376,923</u>	<u>\$ 444,852</u>

On June 30, 2004, the Systems also held asset-backed securities in its portfolios. These securities had an average life of one to three years with a legal final maturity of two to five years. These securities represent an undivided ownership interest in a trust consisting of auto loan receivables. During fiscal year 2004, additional holdings were added to this category as an alternative to cash investments with an average life of one year. These securities are rated AAA by the major rating agencies. In addition, under the asset-backed securities category, the Systems held bonds issued by the South Carolina Tobacco Settlement Revenue Management Authority. These securities are rated Baa2/BBB and have an average life of 4.12 years with a legal maturity of 2016.

The Systems held the following asset-backed securities included in the financial and other investments category (amounts expressed in thousands):

Asset Backed Securities

	June 30, 2004	June 30, 2003
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 617,100	\$ 153,144
PORS	119,316	22,596
GARS	1,531	250
JSRS	4,161	1,609
Totals	<u>\$ 742,108</u>	<u>\$ 177,599</u>

In addition to CMOs and asset-backed securities, the financial and other investments category primarily consisted of corporate financial paper as follows (amounts expressed in thousands):

Corporate Financial Paper

	June 30, 2004	June 30, 2003
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 1,067,419	\$ 1,749,509
PORS	129,073	216,250
GARS	2,053	3,454
JSRS	4,767	7,608
Totals	<u>\$ 1,203,312</u>	<u>\$ 1,976,821</u>

Financial Section

Securities Lending

Through a custodial agent, SCRS, PORS, GARS, and JSRS participate in a securities lending program whereby securities are loaned for the purpose of generating additional income to the Systems. The Systems lends securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must initially meet or exceed 102 percent of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral, and requires additional collateral if the collateral value falls below 100 percent. There are no restrictions on the amount of securities that may be loaned. The types of securities available for loan during the year ended June 30, 2004, included U.S. Government securities, U.S. Government agencies, corporate bonds, convertible bonds, and equities. The contractual agreement with the Systems' custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash and U.S. Government securities were received as collateral for these loans. The Systems cannot pledge or sell collateral securities without a borrower default. The Systems invest cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding ranged from 1 to 43 days. The average weighted maturity of investments made with cash collateral ranged from 18 to 32 days. At June 30, 2004, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2004.

	June 30, 2004					June 30, 2003
	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL
Securities lent for cash collateral:						
U.S. Government securities	\$ 500,485	\$ 34,810	\$ 797	\$ 1,160	\$ 537,252	\$ 852,176
U.S. Government agencies	1,324,878	205,835	1,082	4,481	1,536,276	1,417,360
Corporate bonds	121,075	6,402	1,170	540	129,187	208,023
Convertible bonds						2,363
Common Stock	1,246,081	151,565	2,744	6,480	1,406,870	1,296,942
Total securities lent for cash collateral	<u>3,192,519</u>	<u>398,612</u>	<u>5,793</u>	<u>12,661</u>	<u>3,609,585</u>	<u>3,776,864</u>
Securities lent for noncash collateral:						
Common Stock	9	1			10	
U.S. Government securities	77,571	28,539	530	415	107,055	33,341
Total for securities lent	<u>\$ 3,270,099</u>	<u>\$ 427,152</u>	<u>\$ 6,323</u>	<u>\$ 13,076</u>	<u>\$ 3,716,650</u>	<u>\$ 3,810,205</u>
Cash collateral invested as follows:						
Repurchase agreements	\$ 275,538	\$ 41,951	\$ 1,290	\$ 1,836	\$ 320,615	\$ 656,479
Corporate bonds	2,324,621	298,535	4,044	9,919	2,637,119	3,205,732
Funding Agreements	47,711	2,157	39	92	49,999	
Asset Backed Securities	103,260	4,313	78	185	107,836	
Bank Notes	521,025	60,604	528	1,023	583,180	
Commercial Paper						50,682
Total for cash collateral invested	<u>3,272,155</u>	<u>407,560</u>	<u>5,979</u>	<u>13,055</u>	<u>3,698,749</u>	<u>3,912,893</u>
Securities received as collateral:						
U.S. Government securities	95,531	30,484	563	451	127,029	35,213
Total for securities collateral invested	<u>\$ 3,367,686</u>	<u>\$ 438,044</u>	<u>\$ 6,542</u>	<u>\$ 13,506</u>	<u>\$ 3,825,778</u>	<u>\$ 3,948,106</u>

Financial Section

IV. Capital Assets

Capital assets at June 30, 2004, consist of the following amounts (expressed in thousands). There were no additions or dispositions of capital assets during the year.

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>TOTAL</u>	<u>TOTAL 2003</u>
Land	\$ 524	\$ 54	\$ 1	\$ 3	\$ 582	\$ 582
Building	4,279	437	13	20	4,749	4,749
Total Capital Assets	<u>4,803</u>	<u>491</u>	<u>14</u>	<u>23</u>	<u>5,331</u>	<u>5,331</u>
Less: Accumulated Depreciation	<u>1,259</u>	<u>129</u>	<u>4</u>	<u>6</u>	<u>1,398</u>	<u>1,279</u>
Net Capital Assets	<u>\$ 3,544</u>	<u>\$ 362</u>	<u>\$ 10</u>	<u>\$ 17</u>	<u>\$ 3,933</u>	<u>\$ 4,052</u>

V. Transfers Between Systems

Transfers between systems are statutorily authorized transfers of contributions and service credit from one retirement system to another retirement system that result from members voluntarily initiating the transfer when certain conditions are met.

Transfers made during the fiscal year ended June 30, 2004, were as follows (amounts expressed in thousands):

<u>Transfers from</u>	<u>Transfers to</u>				<u>Totals</u>
	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	
SCRS	\$ -	\$ 2,544	\$ -	\$ 133	\$ 2,677
PORS				24	24
GARS	69	1		61	131
JSRS					
Total	<u>\$ 69</u>	<u>\$ 2,545</u>	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 2,832</u>

The following schedule reflects amounts due to or from other systems as of June 30, 2004, as a result of transfers between systems (amounts expressed in thousands):

<u>Due from</u>	<u>Due to</u>				<u>Totals</u>
	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	
SCRS	\$ -	\$ 608	\$ 2	\$ 12	\$ 622
PORS					
GARS				76	76
JSRS					
Total	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 2</u>	<u>\$ 88</u>	<u>\$ 698</u>

VI. Related Party Transactions

The pension plans provide pension and other fringe benefits to employees of all State agencies. Revenues attributed to these agencies are recorded in the financial statements as employee and employer contributions and constitute approximately 35 percent of combined contribution revenues. In addition, the Systems receives custodial, investment and related services from the State Treasurer.

At June 30, 2004, liabilities of approximately \$26.2 million were due to other State departments and agencies and contributions receivable of approximately \$25.5 million were due from other State departments and agencies.

VII. Teacher and Employee Retention Incentive Program

The Teacher and Employee Retention Incentive (TERI) program, implemented effective January 1, 2001, is a deferred retirement option plan available to active SCRS members eligible for service retirement on or after January 1, 2001. When a member enters TERI, the member's status changes from an active member to a retiree even though the employee continues to work at his regular job and earn his regular salary for a period of up to five years. The member no longer contributes to SCRS and no additional service credit is earned. A TERI participant is ineligible for active group life insurance benefits and disability retirement benefits. During the TERI participation period, the retiree's monthly benefits are accrued and accumulate in our trust account. Upon the termination of employment or at the end of the TERI period (whichever is earlier), the retiree may elect to roll over his funds into a qualified, tax-sheltered, retirement plan or to receive a single-sum distribution (or a combination thereof). No interest is paid on the funds accumulated in the TERI account.

Financial Section

A total of 12,593 members were actively participating in the TERI program at June 30, 2004. The activity for this program is reflected in the following schedule:

Schedule of TERI Activity Year Ended June 30, 2004 (Amounts expressed in thousands)

Beginning Liability Balance	\$ 424,906
Additions	300,294
TERI Distributions	(75,815)
Ending Liability Balance	\$ 649,385

VIII. Litigation

Richard Wehle, Jerry Miller, and the Town of Wellford, on behalf of themselves and all others similarly situated v. South Carolina Retirement Systems and South Carolina Budget and Control Board, CA No. 01CP15648.

On September 21, 2001, two employees and an employer filed a putative class action lawsuit against the South Carolina Retirement Systems and the South Carolina Budget and Control Board alleging that the Retirement Systems wrongfully denied benefits to members of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) due to alleged misinterpretation of the definition of average final compensation. The plaintiffs further allege that the Retirement Systems are overfunded and have collected excess contributions. The plaintiffs allege that SCRS and PORS collected over \$2 billion and \$500 million respectively, in excess contributions. Plaintiffs seek a declaratory judgment that a benefit was wrongfully denied and/or that excess contributions were collected and request that contributions be reduced in the future. Plaintiffs further seek a refund of over \$2 billion to members and employers. Finally, plaintiffs seek to impose a constructive trust on monies overpaid by plaintiffs and/or wrongfully withheld by the Systems. The Retirement Systems believes that the Systems are providing retirement benefits to members and collecting contributions from employers and members in accordance with current State laws. The case is pending under the original jurisdiction of the Supreme Court of South Carolina. The Supreme Court appointed the Honorable John Kittredge to serve as special referee to find facts and make recommendations to the Court. A trial was held before Judge Kittredge in March 2003. On February 24, 2004, Judge Kittredge issued proposed findings and a recommendation that the plaintiffs' claims be dismissed. The plaintiffs filed exceptions to the recommendation. Briefs have been submitted to the South Carolina Supreme Court. The Retirement Systems anticipates a favorable result. The Systems believes its position is meritorious and will vigorously defend it.

Glenn E. Kennedy v. The South Carolina Retirement System and the South Carolina Budget and Control Board, C.A. No.: 02-CP-36-459.

On October 23, 2002, four members of the Retirement Systems filed an action in the Court of Common Pleas in Newberry County against the South Carolina Retirement Systems and the State Budget and Control Board alleging fraud on the court in an earlier case in which the Supreme Court of South Carolina ruled against these plaintiffs. In the earlier litigation, the plaintiffs argued that the defendants had misinterpreted the definition of average final compensation. In the newly filed case, the plaintiffs ask the Court to set aside the earlier judgment against them as well as for unspecified special and punitive damages. If the plaintiffs successfully re-open the earlier litigation against the Retirement Systems, plaintiffs will seek to certify a class and will seek damages of approximately \$2 billion. Generally, the \$2 billion sought by the *Kennedy* plaintiffs is based on the same facts under which the plaintiffs in *Wehle* seek \$2 billion and the classes, if certified in these cases, would roughly encompass the same individuals. Accordingly, should the plaintiffs in either *Kennedy* or *Wehle* prevail, the Retirement Systems would not be liable for an additional \$2 billion in the other case. This case will likely be determined based upon the judgment in the *Wehle* case, addressed at left. The Retirement Systems vigorously denies any impropriety and will defend the claims in this case.

IX. Reclassification of Deposit Funds

The deposit schedule reflected in the Deposit section of Note III includes cash reserve funds for the equity portfolio that were held in money market accounts by the custodian; however, in prior years these amounts were classified as repurchase agreements in the cash equivalents schedule located under the Investment section of Note III.

The carrying amounts of these deposits as of June 30, 2004, and June 30, 2003, were as follows (amounts expressed in thousands):

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
SCRS	\$ 100,836	\$ 90,202
PORS	12,058	10,685
GARS	232	206
JSRS	519	453
Totals	\$ 113,645	\$ 101,546

Financial Section

South Carolina Retirement Systems Required Supplementary Information Schedule of Funding Progress *(Amounts expressed in thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
SCRS						
7/01/03	\$ 20,197,936	\$ 24,398,931	\$ 4,200,995	82.8%	\$ 6,240,768	67.3%
7/01/02	19,298,174	22,446,574	3,148,400	86.0%	6,147,712	51.2%
7/01/01	18,486,773	21,162,147	2,675,374	87.4%	6,017,537	44.5%
7/01/00	17,286,108	19,414,972	2,128,864	89.0%	5,881,847	36.2%
7/01/99	16,120,513	16,298,438	177,925	98.9%	5,473,759	3.3%
7/01/98	14,946,070	15,952,345	1,006,275	93.7%	5,191,048	19.4%
PORS						
7/01/03	2,511,369	2,744,849	233,480	91.5%	800,394	29.2%
7/01/02	2,351,100	2,527,876	176,776	93.0%	757,393	23.3%
7/01/01	2,197,982	2,324,257	126,275	94.6%	757,335	16.7%
7/01/00	2,008,554	2,095,991	87,437	95.8%	716,749	12.2%
7/01/99	1,844,517	1,898,237	53,720	97.2%	638,086	8.4%
7/01/98	1,684,641	1,733,578	48,937	97.2%	606,426	8.1%
GARS						
7/01/03	44,682	66,619	21,937	67.1%	3,844	570.8%
7/01/02	43,841	73,046	29,205	60.0%	4,515	646.9%
7/01/01	42,788	68,291	25,503	62.7%	4,761	535.6%
7/01/00	40,730	64,616	23,886	63.0%	4,858	491.7%
7/01/99	38,685	63,501	24,816	60.9%	4,979	498.4%
7/01/98	36,260	60,330	24,070	60.1%	4,810	500.4%
JSRS						
7/01/03	106,114	166,655	60,541	63.7%	14,437	419.3%
7/01/02	100,074	166,440	66,366	60.1%	14,211	467.0%
7/01/01	94,795	159,246	64,451	59.5%	14,109	456.8%
7/01/00	87,536	144,631	57,095	60.5%	13,214	432.1%
7/01/99	81,780	134,272	52,492	60.9%	12,748	411.8%
7/01/98	75,699	124,756	49,057	60.7%	11,564	424.2%

Schedule of Employer Contributions *(Amounts expressed in thousands)*

Year Ended June 30,	SCRS		PORS		GARS		JSRS	
	Annual Required Contribution	Percentage Contributed						
2004	\$515,996	100%	\$87,922	100%	\$2,731	100%	\$6,078	100%
2003	512,345	100%	86,563	100%	2,577	100%	6,014	100%
2002	509,044	100%	88,608	100%	2,627	100%	5,993	100%
2001	491,329	100%	93,584	100%	2,510	100%	5,875	100%
2000	455,914	100%	76,267	100%	2,636	100%	5,659	100%
1999	419,918	100%	69,541	100%	2,768	100%	5,485	100%

**South Carolina Retirement Systems
Required Supplementary Information (continued)**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Actuarial Assumptions and Methods

	SCRS	PORS	GARS	JSRS
Valuation date	07/01/03	07/01/03	07/01/03	07/01/03
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization period	Level percent open	Level percent open	Level percent closed	Level percent open
Remaining amortization period	25 years	11 years	24 years	27 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	7.25%	7.25%	7.25%	7.25%
Projected salary increases	4.00% - 8.00%	4.50% - 11.50%	None	3.25%
Includes inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	None	None	None	3.25%

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets SCRS Pension Trust Fund Year Ended June 30, 2004 With comparative totals for the year ended June 30, 2003 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	TOTAL	TOTAL 2003
Additions					
Employee contributions					
State department employees	\$ 140,377			\$ 140,377	\$ 141,548
Public school employees	181,066			181,066	179,177
Other political subdivision employees	93,455			93,455	87,600
Employer contributions					
State department employees		\$ 178,352	\$ 3,758	182,110	185,747
Public school employees		226,579	4,563	231,142	229,415
Other political subdivision employees		100,819	1,925	102,744	97,183
Total contributions	414,898	505,750	10,246	930,894	920,670
Investment Income					
Net appreciation (depreciation) in fair value of investments		1,130,981	6,053	1,137,034	926,804
Interest and dividend income		624,951	3,339	628,290	735,974
Investment expense		(20,507)	(113)	(20,620)	(16,776)
Net income from investing activities		1,735,425	9,279	1,744,704	1,646,002
From securities lending activities:					
Securities lending income		50,718	271	50,989	58,898
Securities lending expense		(35,815)	(192)	(36,007)	(42,119)
Net income from securities lending activities		14,903	79	14,982	16,779
Total net investment income		1,750,328	9,358	1,759,686	1,662,781
Supplemental retirement benefits funded by the State		2,328		2,328	2,688
Transfers of contributions from other Systems	69			69	34
Total additions	414,967	2,258,406	19,604	2,692,977	2,586,173
Deductions					
Refunds of contributions to members	66,505			66,505	60,133
Transfers of contributions to other Systems	1,732	945		2,677	1,525
Regular retirement benefits		1,103,336		1,103,336	1,022,993
Deferred retirement benefits		300,294		300,294	240,667
Supplemental retirement benefits		2,328		2,328	2,688
Group life insurance claims			13,515	13,515	14,759
Depreciation		107		107	107
Administrative expense		13,568	73	13,641	12,815
Total deductions	68,237	1,420,578	13,588	1,502,403	1,355,687
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(486,658)	486,658			
Interest credited to members' accounts	262,645	(262,645)			
Net interfund transfers	(224,013)	224,013			
Net increase (decrease)	122,717	1,061,841	6,016	1,190,574	1,230,486
Net assets held in trust for Pension Benefits					
Beginning of year	4,627,360	15,038,211	105,254	19,770,825	18,540,339
End of year	\$ 4,750,077	\$ 16,100,052	\$ 111,270	\$ 20,961,399	\$ 19,770,825

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets

PORS Pension Trust Fund

Year Ended June 30, 2004

With comparative totals for the year ended June 30, 2003

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	ACCIDENTAL DEATH FUND	TOTAL	TOTAL 2003
Additions						
Employee contributions						
State department employees	\$ 22,434				\$ 22,434	\$ 22,245
Public school employees	33				33	52
Other political subdivision employees	34,135				34,135	33,344
Employer contributions						
State department employees		\$ 32,052	\$ 604	\$ 604	33,260	34,596
Public school employees		16			16	23
Other political subdivision employees		52,733	990	923	54,646	51,944
Total contributions	56,602	84,801	1,594	1,527	144,524	142,204
Investment Income						
Net appreciation (depreciation) in fair value of investments		136,332	1,065	1,231	138,628	96,804
Interest and dividend income		73,221	570	659	74,450	87,546
Investment expense		(2,387)	(19)	(22)	(2,428)	(1,988)
Net income from investing activities		207,166	1,616	1,868	210,650	182,362
From securities lending activities:						
Securities lending income		5,721	45	52	5,818	6,733
Securities lending expense		(4,196)	(33)	(38)	(4,267)	(4,918)
Net income from securities lending activities		1,525	12	14	1,551	1,815
Total net investment income		208,691	1,628	1,882	212,201	184,177
Supplemental retirement benefits funded by the State		72			72	82
Transfers of contributions from other Systems	1,600	945			2,545	1,461
Total additions	58,202	294,509	3,222	3,409	359,342	327,924
Deductions						
Refunds of contributions to members	11,918				11,918	11,452
Transfers of contributions to other Systems	24				24	
Regular retirement benefits		140,317			140,317	124,634
Supplemental retirement benefits		72			72	82
Group life insurance claims			1,555		1,555	1,594
Accidental death benefits				1,072	1,072	955
Depreciation		11			11	11
Administrative expense		1,669	13	15	1,697	1,561
Total deductions	11,942	142,069	1,568	1,087	156,666	140,289
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(43,406)	43,406				
Interest credited to members' accounts	29,532	(29,532)				
Net interfund transfers	(13,874)	13,874				
Net increase (decrease)	32,386	166,314	1,654	2,322	202,676	187,635
Net assets held in trust for Pension Benefits						
Beginning of year	516,313	1,904,156	18,896	21,857	2,461,222	2,273,587
End of year	\$ 548,699	\$ 2,070,470	\$ 20,550	\$ 24,179	\$ 2,663,898	\$ 2,461,222

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets

GARS Pension Trust Fund

Year Ended June 30, 2004

With comparative totals for the year ended June 30, 2003

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2003
Additions				
Contributions				
Employee contributions - State departments	\$ 513		\$ 513	\$ 612
Employer contributions - State departments		\$ 2,731	2,731	2,577
Total contributions	<u>513</u>	<u>2,731</u>	<u>3,244</u>	<u>3,189</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments		2,401	2,401	2,115
Interest and dividend income		1,643	1,643	1,891
Investment expense		(47)	(47)	(37)
Net income from investing activities		<u>3,997</u>	<u>3,997</u>	<u>3,969</u>
From securities lending activities:				
Securities lending income		110	110	165
Securities lending expense		(76)	(76)	(129)
Net income from securities lending activities		<u>34</u>	<u>34</u>	<u>36</u>
Total net investment income		<u>4,031</u>	<u>4,031</u>	<u>4,005</u>
Transfers of contributions from other Systems				7
Total additions	<u>513</u>	<u>6,762</u>	<u>7,275</u>	<u>7,201</u>
Deductions				
Refunds of contributions to members				72
Transfers of contributions to other Systems	131		131	55
Regular retirement benefits		5,347	5,347	5,073
Group life insurance claims		8	8	5
Depreciation		1	1	
Administrative expense		30	30	29
Total deductions	<u>131</u>	<u>5,386</u>	<u>5,517</u>	<u>5,234</u>
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(704)	704		
Interest credited to members' accounts	483	(483)		
Net interfund transfers	<u>(221)</u>	<u>221</u>		
Net increase (decrease)	161	1,597	1,758	1,967
Net assets held in trust for Pension Benefits				
Beginning of year	<u>8,324</u>	<u>35,174</u>	<u>43,498</u>	<u>41,531</u>
End of year	<u>\$ 8,485</u>	<u>\$ 36,771</u>	<u>\$ 45,256</u>	<u>\$ 43,498</u>

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets

JSRS Pension Trust Fund

Year Ended June 30, 2004

With comparative totals for the year ended June 30, 2003

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2003
Additions				
Contributions				
Employee contributions - State departments	\$ 1,675		\$ 1,675	\$ 1,131
Employer contributions - State departments		\$ 6,078	6,078	6,014
Total contributions	<u>1,675</u>	<u>6,078</u>	<u>7,753</u>	<u>7,145</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments		5,495	5,495	4,531
Interest and dividend income		3,736	3,736	4,290
Investment expense		(104)	(104)	(80)
Net income from investing activities		<u>9,127</u>	<u>9,127</u>	<u>8,741</u>
From securities lending activities:				
Securities lending income		224	224	241
Securities lending expense		(160)	(160)	(187)
Net income from securities lending activities		<u>64</u>	<u>64</u>	<u>54</u>
Total net investment income		<u>9,191</u>	<u>9,191</u>	<u>8,795</u>
Transfers of contributions from other Systems	218		218	78
Total additions	<u>1,893</u>	<u>15,269</u>	<u>17,162</u>	<u>16,018</u>
Deductions				
Refunds of contributions to members				
Regular retirement benefits		8,605	8,605	8,217
Group life insurance claims		124	124	8
Depreciation				1
Administrative expense		72	72	66
Total deductions		<u>8,801</u>	<u>8,801</u>	<u>8,292</u>
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(1,718)	1,718		
Interest credited to members' accounts	920	(920)		
Net interfund transfers	<u>(798)</u>	<u>798</u>		
Net increase (decrease)	1,095	7,266	8,361	7,726
Net assets held in trust for Pension Benefits				
Beginning of year	16,545	87,280	103,825	96,099
End of year	<u>\$ 17,640</u>	<u>\$ 94,546</u>	<u>\$ 112,186</u>	<u>\$ 103,825</u>

Financial Section

Schedule of Administrative Expenses For the Year Ended June 30, 2004 *(Amounts expressed in thousands)*

	SCRS	PORS	GARS	JSRS	TOTAL
Personal Services					
Salaries and Wages	\$ 6,435	\$ 801	\$ 14	\$ 34	\$ 7,284
Employee Benefits	1,736	216	4	9	1,965
Contractual Services					
Data Processing Services	1,506	187	3	8	1,704
Medical & Health Services	653	81	2	3	739
Financial Audit	24	3			27
Actuarial Services	213	27	1	1	242
Other Professional Services	151	19		1	171
Legal Services	32	4			36
Operating Expenses					
Facilities Management	401	50	1	2	454
Intergovernmental Services	1,001	125	2	5	1,133
Telephone	117	14		1	132
Insurance	345	43	1	2	391
Postage	340	42	1	2	385
Supplies	163	20		1	184
Other Miscellaneous Expenses					
	524	65	1	3	593
Total Administrative Expenses	\$ 13,641	\$ 1,697	\$ 30	\$ 72	\$ 15,440

Schedule of Professional Consultant Fees For the Year Ended June 30, 2004 *(Amounts expressed in thousands)*

	Professional/Consultant	Nature of Service	Amount Paid
Medical & Health Services	Dr. Jack Shelburg	Medical Board	\$ 6
	Dr. William E. Gause	Medical Board – Chairman	7
	Dr. James England	Medical Board	6
	SC Vocational Rehabilitation	Disability Applications	720
Auditing and Accounting	Rogers & Laban, PA	Financial audit	27
Management Consulting	Gabriel, Roder, Smith & Company	Actuarial services	192
	Buck Consultants	Actuarial services	50
Other Professional Services	Cost Effectiveness Measurements	Benchmarking services	25
	Summit Strategies	Optional Retirement Plan consultants	113
	Psychological & Training Services	Case Evaluations	15
	Joel Leonard/Leonard & Associates	Case Evaluations	17
	University Specialty Clinic	Case Evaluations	1
Legal Services	Nexsen Pruet Jacobs & Pollard	Legal services	7
	Gergel Nickles & Solomon	Legal services	29
			\$ 1,215

Information on investment management and consulting fees can be found in the *Schedule of Investment Expenses* on page 49.

Financial Section

South Carolina Retirement Systems Schedule of Investment Expenses Year Ended June 30, 2004 *(Amounts expressed in thousands)*

	SCRS	PORS	GARS	JSRS	TOTAL
Equity Investment Managers' Fees:					
Alliance Bernstein Institutional Management, Inc.	\$ 909	\$ 108	\$ 2	\$ 5	\$ 1,024
Alliance Capital Management	1,620	195	4	9	1,828
Barclays Global Investors*	170	20		1	191
Benson Associates	1,211	147	3	6	1,367
Fidelity Management Trust Company	1,262	151	3	7	1,423
Flippin, Bruce & Porter, Inc.	991	118	2	5	1,116
Institutional Capital Corporation	1,973	236	4	10	2,223
J.L. Kaplan Associates, LLC	1,393	164	3	7	1,567
Montag & Caldwell, Inc.	985	123	3	5	1,116
State Street Global Advisors Russell 2000 Index Fund	43	5			48
State Street Global Advisors S&P 500 Index Fund	125	15		1	141
Suffolk Capital Management, Inc.**	925	110	2	5	1,042
The Boston Company Asset Management, LLC	1,309	155	3	6	1,473
TimesSquare Capital Management, Inc.	2,032	247	5	10	2,294
Wellington Management Company, LLP	2,130	255	5	11	2,401
Total	17,078	2,049	39	88	19,254
Investment Service Fees:					
Bank Fees	2,940	304	7	13	3,264
Consultant Fees:					
Investment Consultant Fees	602	75	1	3	681
Total Investment Management Fees	\$ 20,620	\$ 2,428	\$ 47	\$ 104	\$ 23,199
Securities Lending Expenses:					
Borrower Rebates	\$ 36,007	\$ 4,267	\$ 76	\$ 160	\$ 40,510
Total Securities Lending Expenses	\$ 36,007	\$ 4,267	\$ 76	\$ 160	\$ 40,510

*Barclays Global Investors was funded April 16, 2004.

**The contract with Suffolk Capital Management, Inc., was terminated April 2004.

Serving South Carolina's General Assembly Members

*The Retirement System for Members of
the General Assembly of the State of South Carolina (GARS)*



The South Carolina Senate Chamber



The South Carolina House Chamber

Photographs of the South Carolina Senate Chamber and the South Carolina House Chamber were taken by Sam Holland of Columbia, South Carolina.

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Investment Section



118 WADE HAMPTON OFFICE BUILDING
COLUMBIA, SC 29201

October 1, 2004

The Honorable Mark Sanford
Governor, State of South Carolina
Members of the General Assembly of South Carolina

Dear Governor and Members:

As Custodian of funds for the South Carolina Retirement Systems (SCRS), I am pleased to submit information on the SCRS investments for Fiscal Year ended June 30, 2004. We are very pleased with the results that have been attained this year as our time tested investment approach allowed the SCRS portfolio to exceed its actuarial rate of return of 7.25 percent for the second consecutive year. The aggregate return for the combined fixed income and equity portfolio was 8.76 percent for the year.

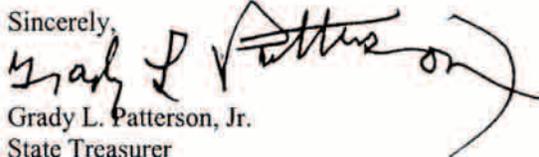
This fiscal year saw the Budget and Control Board fulfill the legislative mandate of investing 40 percent of our funds in the US equity markets and we made our final transfer to meet this objective. As of fiscal year end, equities had grown to 42 percent of the portfolio with 45 percent invested in a passively managed account and 55 percent in actively managed accounts. After what has been a particularly challenging three years, this year has been a significantly improved year for the equity markets, with the equity allocation returning 20.88 percent for the fiscal year ending June 30, 2004. This was particularly encouraging given the many economic and geopolitical challenges that we continue to face.

The State Treasurer's Office with the assistance of a fixed income investment consultant, seeks the best market opportunities. This relationship continues to perform exceptionally well, besting the market indices and our private sector peers, at a fraction of the cost of what external managers would charge. This year was particularly challenging for the bond market as we saw the Federal Reserve initiate steps to raise interest rates from their extremely accommodative levels of the last three years. It is anticipated that Chairman Greenspan and the Federal Reserve Board will continue to raise rates through fiscal year 2005 into 2006 as the Federal Reserve Board attempts to return rates to a "normal" level. The return for this past fiscal year was 1.49 percent, which exceeded our benchmark, the Lehman Aggregate Index, by 1.10 percent. Authorized investments continue to be the highest quality US Governments and Agencies, investment grade corporate securities, mortgage backed securities and repurchase agreements. These investments hold an average rating of AA.

The Budget and Control Board with the assistance of the Office of the State Treasurer and Equity Investment Panel have produced a remarkable achievement in a time of uncertainty. We expect the SCRS funds to continue to perform at better than market levels this upcoming year, despite the likelihood that the environment will continue to be challenging. That expectation is soundly based on our history of prudent, conservative investments.

As Custodian of funds, it gives me great pleasure to provide this information.

Sincerely,



Grady L. Patterson, Jr.
State Treasurer

MERCER

Investment Consulting

3475 Piedmont Road, NE, Suite 800
Atlanta, GA 30305-2954
404 442 3100 Fax 404 442 3300
www.mercerIC.com

15 September, 2004

The Honorable Mark Sanford, Governor
Members of the State Budget and Control Board
State of South Carolina
Columbia, South Carolina 29211

Gentlemen:

The fiscal year ended June 30, 2004 represented a landmark of sorts for the four pension systems: the South Carolina Retirement System, Retirement System for Members of the General Assembly, Retirement System for Judges and Solicitors, and the Police Officers Retirement System (collectively referred to as "Systems"). As of June 30, 2004, the Systems completed five years of investment in the equity markets, and during the fiscal year completed the process of funding to the 40% target (as a percent of the total portfolio) for equities. Mercer Investment Consulting, Inc. ("Mercer") has been honored to serve as the consultant to the Systems, and to the two groups responsible for the oversight and implementation of the equity program, the Budget and Control Board, and the Board's designated State Retirement Systems Investment Panel.

As noted, during the fiscal year, the Systems completed the process of investing up to the 40% target, as set forth in the long-term funding schedule initially promulgated in 1999 and as updated in the Statement of Investment Objectives and Policies (SIP). The SIP covers the general guidelines and goals for the investment of the Systems' assets. The equity investment program is implemented through an Annual Investment Plan (AIP) which details the asset allocation between active management and passive management, between large-cap equity and small-cap equity, between styles of equity management (growth, value, and core) and between individual managers. Additionally, the AIP sets forth rebalancing procedures, permissible investments and benchmarks for performance evaluation.

The equity portfolio market value (including accruals) grew to \$10.38 billion (up from \$8 billion at June 30, 2003) and is well diversified within the US equity market, utilizing twelve active managers and two passive allocations. These managers are diversified by style and capitalization, as shown below:

	Growth	Core	Value	Passive	Total
Large	\$ 1,372,690,632	\$ 948,108,142	\$ 1,679,178,292	\$ 4,660,727,208	\$ 8,660,704,274
Small-mid	\$ 314,317,702	\$ 550,820,622	\$ 559,991,735	\$ 295,626,361	\$ 1,720,756,420
Total	\$ 1,687,008,334	\$ 1,498,928,764	\$ 2,239,170,027	\$ 4,956,353,569	\$ 10,381,460,694

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Investment Consulting

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State of South Carolina

The equity market environment for the Fiscal Year 2004 was substantially more positive than the past few years, with the portfolio producing a robust 20.88% return and generating \$1.8 billion in total gains for the period. This return was comfortably ahead of the “headline” index, the S&P 500, which had a return of 19.1%. The South Carolina Retirement Systems’ portfolio overweight to small-and mid-cap stocks helped the performance versus the large-cap S&P 500. The portfolio remains well ahead of the S&P 500 for longer-term periods, with the now complete five-year return a full 2.47% ahead of the benchmark with a modestly positive total return of 0.27% (the S&P 500 declined 2.2% per year for the five years ended June 30, 2004).

The equity portfolio remained close to its overall targets at June 30, as set forth in the AIP. The portfolio was, however, overweight to small cap, reflecting the shift in the 2005 AIP from a 15% target in small cap to 20%. Additionally, the Board has elected to balance the allocations between growth managers and value managers and to add managers to the small cap lineup in both the growth and value disciplines. These changes are part of the Investment Panel and Budget & Control Board’s ongoing monitoring and evaluation of the SCRS Equity Program.

Mercer Investment Consulting, Inc., as the Systems’ consultant, is responsible for providing quarterly investment performance reports (prepared in accordance with the performance presentation standards promulgated by the Association of Investment Management & Research, or AIMR) to the Investment Panel, the Board, staff and other interested parties, which evaluate the performance of the Systems’ equity portfolio and managers. Performance is compared to market benchmarks and to other similar managers over various periods of time, and progress toward long-term goals and asset allocation is also monitored. These reports are prepared using data provided by the Systems’ custodian and investment managers.

Mercer Investment Consulting, Inc. is registered with the SEC as an investment advisor and has been providing investment consulting services to plan sponsors since 1972. Mercer was selected as the consultant for the Systems through a Request for Proposal (“RFP”) process and has served in that capacity since December 1998, and was re-appointed during the fiscal year.

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15 September 2004

State of South Carolina

Today Mercer serves over 500 plan sponsors and trustees, including several other state retirement systems. We look forward to continuing to assist the Budget and Control Board, the Investment Panel, and the State of South Carolina in further developing and monitoring its equity investment program and in maintaining the long-term focus set forth in the SIP and AIP.

Sincerely,

A handwritten signature in black ink, appearing to read "Drew Carrington", with a long horizontal line extending to the right.

Drew Carrington, CFA

Principal

Mercer Investment Consulting, Inc.

Investment Section

South Carolina Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

Year Ended June 30,	Market Value of Investments*	% Increase for Year	Net Income from Investments*	% Increase for Year
2004	\$ 21,305,463	6.69%	\$ 1,759,686	5.83%
2003	19,969,435	8.29%	1,662,781	876.48%
2002	18,440,327	-0.20%	170,284	-86.84%
2001	18,477,867	7.35%	1,293,997	63.33%
2000	17,212,697	4.31%	792,282	101.16%
1999	16,502,052	2.33%	393,856	-79.32%
1998	16,126,828	13.22%	1,904,740	57.12%
1997	14,244,260	9.04%	1,212,272	92.86%
1996	13,063,201	4.50%	628,562	-61.78%
1995	12,500,986	19.06%	1,644,707	95.49%

Police Officers Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

Year Ended June 30,	Market Value of Investments*	% Increase for Year	Net Income from Investments*	% Increase for Year
2004	\$ 2,625,710	7.90%	\$ 212,201	15.22%
2003	2,433,396	8.98%	184,177	886.48%
2002	2,232,967	1.44%	18,670	-87.52%
2001	2,201,277	9.49%	149,574	60.10%
2000	2,010,545	6.49%	93,425	75.27%
1999	1,887,931	4.54%	53,304	-74.37%
1998	1,805,884	15.13%	207,998	57.77%
1997	1,568,593	10.30%	131,834	90.02%
1996	1,422,163	6.50%	69,379	-58.41%
1995	1,335,391	19.35%	166,836	85.19%

*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

Investment Section

General Assembly Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2004	\$ 44,771	3.93%	\$ 4,031	0.65%
2003	43,078	5.09%	4,005	14,203.57%
2002	40,990	-3.51%	28	-99.07%
2001	42,482	5.16%	3,022	65.41%
2000	40,397	2.44%	1,827	54.83%
1999	39,435	1.79%	1,180	-72.79%
1998	38,742	10.94%	4,337	48.43%
1997	34,922	6.32%	2,922	79.70%
1996	32,846	1.00%	1,626	-60.91%
1995	32,554	10.33%	4,160	77.32%

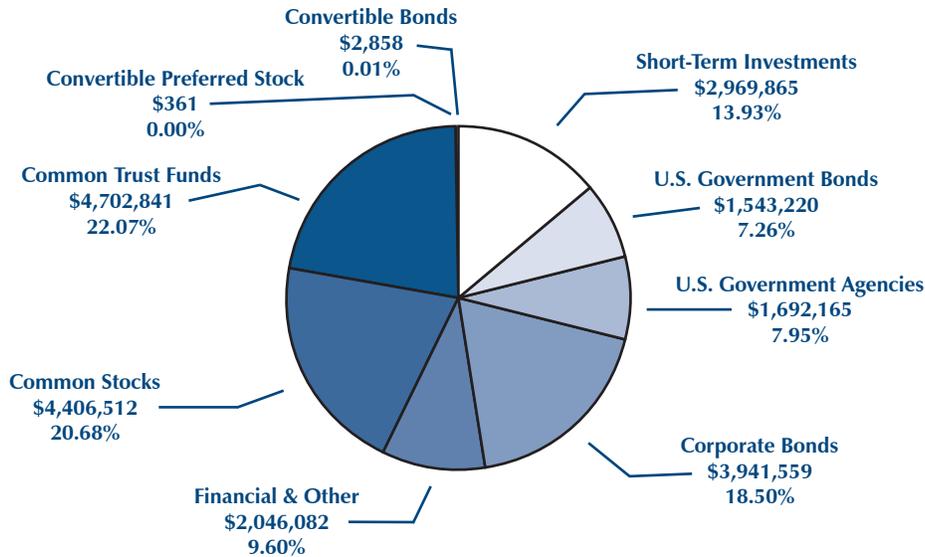
Judges and Solicitors Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2004	\$ 110,597	7.73%	\$ 9,191	4.50%
2003	102,657	8.70%	8,795	758.05%
2002	94,439	0.01%	1,025	-85.62%
2001	94,426	8.99%	7,128	88.02%
2000	86,637	4.13%	3,791	61.18%
1999	83,198	2.87%	2,352	-75.29%
1998	80,878	13.47%	9,520	60.03%
1997	71,276	9.53%	5,949	86.78%
1996	65,073	1.64%	3,185	-61.02%
1995	64,024	18.13%	8,170	78.54%

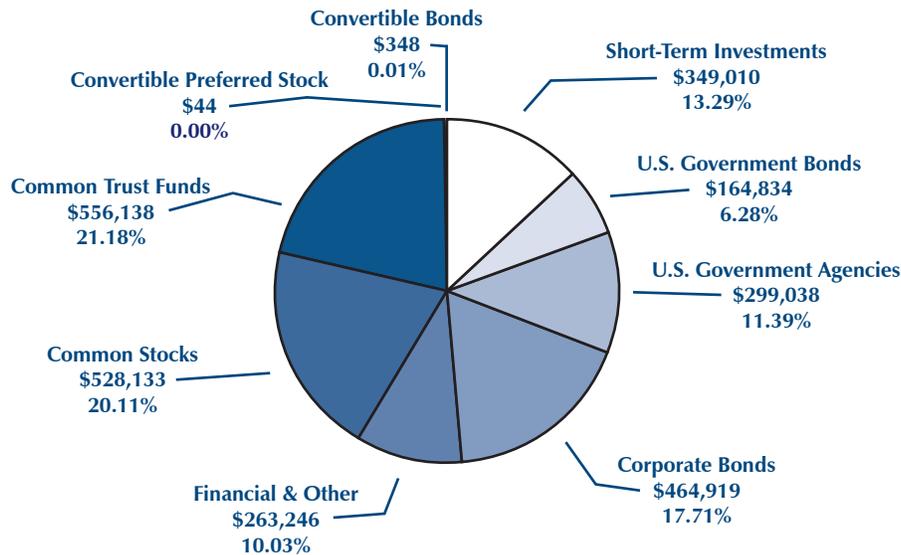
*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

Investment Section

South Carolina Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2004*



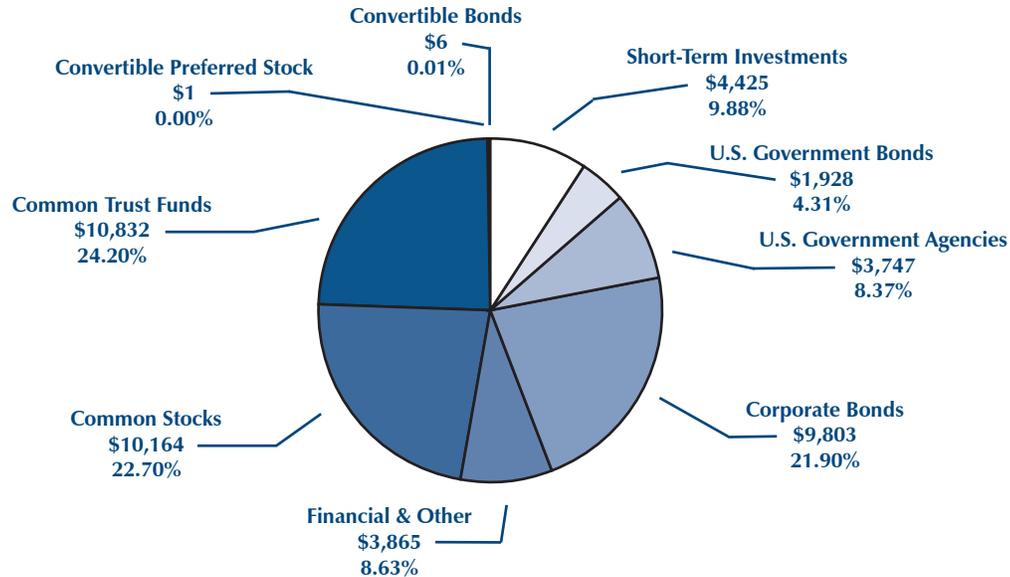
Police Officers Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2004*



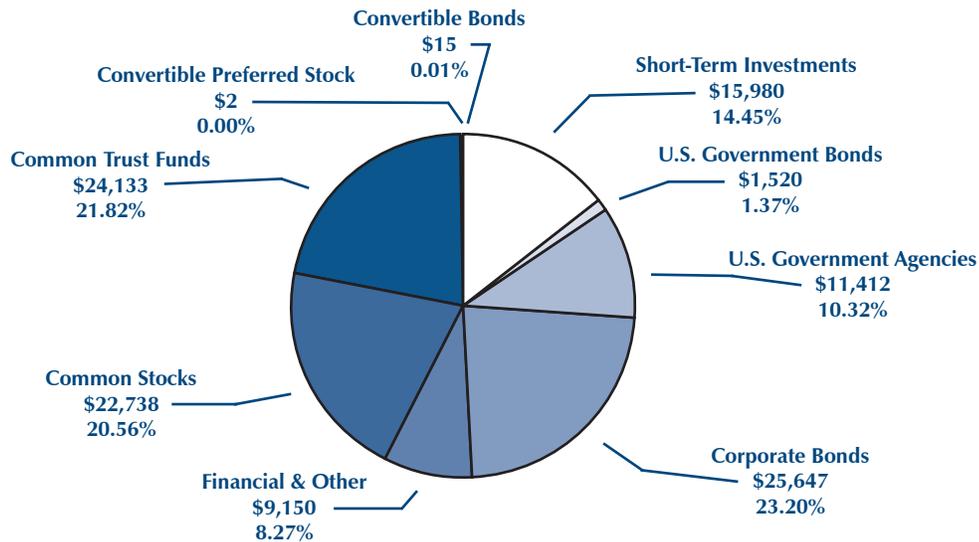
Note: Dollar amounts expressed in thousands. Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.

Investment Section

General Assembly Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2004*



Judges and Solicitors Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2004*



Note: Dollar amounts expressed in thousands. Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.

Investment Section

Summary of Market Value of Investments (Amounts expressed in thousands)

	South Carolina Retirement System			Police Officers Retirement System		
	Market Value		% of	Market Value		% of
	06/30/2003	06/30/2004	Market Value at 06/30/04	06/30/2003	06/30/2004	Market Value at 06/30/04
Short-Term Investments:						
Repurchase Agreements	\$ 2,225,902	\$ 2,139,800	10.04%	\$ 406,485	\$ 174,380	6.64%
Commercial Paper	186,336	304,989	1.43%	19,985	69,279	2.64%
Federal Agencies	-	525,076	2.46%	-	105,351	4.01%
	<u>2,412,238</u>	<u>2,969,865</u>	<u>13.93%</u>	<u>426,470</u>	<u>349,010</u>	<u>13.29%</u>
U.S. Government Agencies & Government Insured:						
Treasury Notes	-	119,345	0.56%	-	13,941	0.53%
Treasury Bonds	800,275	414,936	1.95%	87,592	48,118	1.83%
Treasury Bonds (Zero Coupons)	1,194,422	1,008,939	4.75%	109,204	102,775	3.92%
U.S. Government Agencies	1,550,402	1,665,523	7.82%	191,684	294,321	11.21%
Insured Marine Bonds	30,119	26,642	0.13%	4,845	4,717	0.18%
	<u>3,575,218</u>	<u>3,235,385</u>	<u>15.21%</u>	<u>393,325</u>	<u>463,872</u>	<u>17.67%</u>
Corporate Bonds:						
Industrials	2,262,548	2,006,601	9.42%	188,060	190,359	7.25%
Utilities	2,349,232	1,934,958	9.08%	337,733	274,560	10.46%
Financial & Other	2,331,371	2,046,082	9.60%	254,065	263,246	10.03%
	<u>6,943,151</u>	<u>5,987,641</u>	<u>28.10%</u>	<u>779,858</u>	<u>728,165</u>	<u>27.74%</u>
Convertible Bonds	4,720	2,858	0.01%	575	348	0.01%
	<u>4,720</u>	<u>2,858</u>	<u>0.01%</u>	<u>575</u>	<u>348</u>	<u>0.01%</u>
Common Stock	3,508,284	4,406,512	20.68%	417,076	528,133	20.11%
	<u>3,508,284</u>	<u>4,406,512</u>	<u>20.68%</u>	<u>417,076</u>	<u>528,133</u>	<u>20.11%</u>
Convertible Preferred Stock	345	361	0.00%	42	44	0.00%
	<u>345</u>	<u>361</u>	<u>0.00%</u>	<u>42</u>	<u>44</u>	<u>0.00%</u>
Common Trust Funds	3,525,479	4,702,841	22.07%	416,050	556,138	21.18%
	<u>3,525,479</u>	<u>4,702,841</u>	<u>22.07%</u>	<u>416,050</u>	<u>556,138</u>	<u>21.18%</u>
Total Investments	<u>\$ 19,969,435</u>	<u>\$ 21,305,463</u>	<u>100.00%</u>	<u>\$ 2,433,396</u>	<u>\$ 2,625,710</u>	<u>100.00%</u>

Note: Market value excludes securities lending assets.

Investment Section

Summary of Market Value of Investments (Amounts expressed in thousands)

	General Assembly Retirement System			Judges and Solicitors Retirement System		
	<u>Market Value</u>		% of	<u>Market Value</u>		% of
	06/30/2003	06/30/2004	Market Value at 06/30/04	06/30/2003	06/30/2004	Market Value at 06/30/04
Short-Term Investments:						
Repurchase Agreements	\$ 3,031	\$ 4,425	9.88%	\$ 12,383	\$ 15,980	14.45%
Commercial Paper	-	-	-	-	-	-
Federal Agencies	-	-	-	-	-	-
	<u>3,031</u>	<u>4,425</u>	<u>9.88%</u>	<u>12,383</u>	<u>15,980</u>	<u>14.45%</u>
U.S. Government Agencies & Government Insured:						
Treasury Notes	-	-	-	-	500	0.45%
Treasury Bonds	4,016	1,928	4.31%	3,179	1,020	0.92%
Treasury Bonds (Zero Coupons)	-	-	-	-	-	-
U.S. Government Agencies	3,768	3,747	8.37%	11,956	11,412	10.32%
Insured Marine Bonds	-	-	-	-	-	-
	<u>7,784</u>	<u>5,675</u>	<u>12.68%</u>	<u>15,135</u>	<u>12,932</u>	<u>11.69%</u>
Corporate Bonds:						
Industrials	5,635	4,873	10.89%	14,158	12,117	10.97%
Utilities	6,273	4,930	11.01%	15,312	13,530	12.23%
Financial & Other	4,215	3,865	8.63%	9,621	9,150	8.27%
	<u>16,123</u>	<u>13,668</u>	<u>30.53%</u>	<u>39,091</u>	<u>34,797</u>	<u>31.47%</u>
Convertible Bonds	<u>10</u>	<u>6</u>	<u>0.01%</u>	<u>25</u>	<u>15</u>	<u>0.01%</u>
	10	6	0.01%	25	15	0.01%
Common Stock	<u>7,984</u>	<u>10,164</u>	<u>22.70%</u>	<u>17,944</u>	<u>22,738</u>	<u>20.56%</u>
	7,984	10,164	22.70%	17,944	22,738	20.56%
Convertible Preferred Stock	<u>1</u>	<u>1</u>	<u>0.00%</u>	<u>2</u>	<u>2</u>	<u>0.00%</u>
	1	1	0.00%	2	2	0.00%
Mutual Funds	<u>8,145</u>	<u>10,832</u>	<u>24.20%</u>	<u>18,077</u>	<u>24,133</u>	<u>21.82%</u>
	8,145	10,832	24.20%	18,077	24,133	21.82%
Total Investments	<u>\$ 43,078</u>	<u>\$ 44,771</u>	<u>100.00%</u>	<u>\$ 102,657</u>	<u>\$ 110,597</u>	<u>100.00%</u>

Note: Market value excludes securities lending assets.

Investment Section

South Carolina Retirement System List of Largest Assets Held

As of June 30, 2004, SCRS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
20,086,165	State Street Global Advisors (S&P 500 equity index fund)	\$ 4,139,818,915
7,691,851	State Street Global Advisors (Russell 2000 equity index fund)	263,161,311
2,594,783	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	299,860,306
		<u>\$ 4,702,840,532</u>

Top ten equity holdings in actively managed separate accounts at June 30, 2004:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,392,938	Citigroup Inc	\$ 111,271,602
2,768,046	Pfizer Inc	94,888,630
867,237	Bank of America Corp	73,385,631
2,535,241	Microsoft Corp	72,406,478
2,198,399	General Electric Co	71,228,118
913,743	American International Group Inc	65,131,572
2,231,701	Cisco Systems Inc	52,891,315
723,593	Qualcomm Inc	52,807,841
1,223,857	JP Morgan Chase & Co	47,448,924
783,982	Proctor & Gamble Co	42,679,957
	Total	<u>\$ 684,140,068</u>

Top ten fixed income holdings at June 30, 2004:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 286,800,000	BECCS (Treasury 12.75% due 11/15/10-05)	\$ 276,661,620
291,350,000	BECCS (Treasury 14% due 11/15/11-06)	270,026,094
230,200,000	BECCS (Treasury 13.875% due 05/15/11-06)	217,918,830
194,000,000	BECCS (Treasury 10.375% due 11/15/09-04)	192,723,480
144,071,000	AT&T Broadband Corp 9.455% due 11/15/22	185,185,982
79,935,000	Southern New England Tel Co 7.25% due 12/15/33	81,468,953
73,000,000	U.S. Treasury Bonds 11.625% due 11/15/04	75,691,875
61,000,000	U.S. Treasury Bonds 10.375% due 11/15/12	74,496,250
65,450,000	Arrow Electronics Inc 7.50% due 01/15/27	66,448,113
57,000,000	Sherwin Williams Co 7.375% due 02/01/27	64,205,156
	Total	<u>\$ 1,504,826,353</u>

Note: A complete list of portfolio holdings is available upon request.

Investment Section

Police Officers Retirement System List of Largest Assets Held

As of June 30, 2004, PORS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,378,035	State Street Global Advisors (S&P 500 equity index fund)	\$ 490,120,255
891,971	State Street Global Advisors (Russell 2000 equity index fund)	30,517,005
307,201	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	35,501,012
		\$ 556,138,272

Top ten equity holdings in actively managed separate accounts at June 30, 2004:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
283,865	Citigroup Inc	\$ 13,199,718
328,363	Pfizer Inc	11,256,269
102,877	Bank of America Corp	8,705,452
300,746	Microsoft Corp	8,589,299
260,787	General Electric Co	8,449,515
108,394	American International Group Inc	7,726,305
264,738	Cisco Systems Inc	6,274,291
85,837	Qualcomm Inc	6,264,389
145,181	JP Morgan Chase & Co	5,628,681
93,001	Proctor & Gamble Co	5,062,957
	Total	\$ 81,156,876

Top ten fixed income holdings at June 30, 2004:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 48,900,000	BECCS (Treasury 14% due 11/15/11-06)	\$ 45,321,009
33,000,000	BECCS (Treasury 12.75% due 11/15/10-05)	31,833,450
17,500,000	GNMA #605267 5.50% due 06/15/34	17,507,350
17,500,000	GNMA #605385 5.50% due 04/15/34	17,409,796
14,000,000	U.S. Treasury Principal Strips due 08/15/04	13,979,980
10,626,000	AT&T Broadband Corp 9.455% due 11/15/22	13,658,448
12,000,000	New York Life Insurance Co 7.50% due 12/15/23	12,459,120
22,500,000	Tobacco Settlement 7.666% due 05/15/16	11,845,440
10,500,000	Southern California Edison 8% due 02/15/07	11,598,930
10,250,000	Liberty Mutual Insurance Co 7.875% due 10/15/26	10,940,645
	Total	\$ 186,554,168

Note: A complete list of portfolio holdings is available upon request.

Investment Section

General Assembly Retirement System List of Largest Assets Held

As of June 30, 2004, GARS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
46,142	State Street Global Advisors (S&P 500 equity index fund)	\$ 9,510,015
18,520	State Street Global Advisors (Russell 2000 equity index fund)	633,645
5,959	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	688,650
		\$ 10,832,310

Top ten equity holdings in actively managed separate accounts at June 30, 2004:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
5,487	Citigroup Inc	\$ 255,166
6,348	Pfizer Inc	217,597
1,989	Bank of America Corp	168,287
5,814	Microsoft Corp	166,041
5,041	General Electric Co	163,339
2,095	American International Group Inc	149,358
5,118	Cisco Systems Inc	121,289
1,659	Qualcomm Inc	121,098
2,807	JP Morgan Chase & Co	108,809
1,798	Proctor & Gamble Co	97,873
	Total	\$ 1,568,857

Top ten fixed income holdings at June 30, 2004:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 1,575,100	GNMA #419409 7.625% due 10/15/21	\$ 1,430,631
700,000	AT&T Broadband Corp 9.455% due 11/15/22	899,766
700,000	Southern New England Tel Co 7.25% due 12/15/33	713,433
500,000	U.S. Treasury Bonds 9.125% due 05/15/18	701,875
500,000	Federal Farm Credit Bank 9.80% due 07/20/09	623,550
500,000	Coca Cola 8% due 9/15/22	607,850
500,000	Massachusetts Mutual Life Insurance Co 7.625% due 11/15/23	588,415
500,000	Sherwin Williams Co 7.375% due 2/1/27	563,203
500,000	Waste Management 8.75% due 05/01/18	556,860
500,000	GTE Corp 7.90% due 02/01/27	537,035
	Total	\$ 7,222,618

Note: A complete list of portfolio holdings is available upon request.

Investment Section

Judges and Solicitors Retirement System List of Largest Assets Held

As of June 30, 2004, JSRS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
103,239	State Street Global Advisors (S&P 500 equity index fund)	\$ 21,278,023
38,418	State Street Global Advisors (Russell 2000 equity index fund)	1,314,400
13,335	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	1,541,051
		<u>\$ 24,133,474</u>

Top ten equity holdings in actively managed separate accounts at June 30, 2004:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
12,270	Citigroup Inc	\$ 570,554
14,193	Pfizer Inc	486,549
4,447	Bank of America Corp	376,291
13,000	Microsoft Corp	371,270
11,272	General Electric Co	365,228
4,685	American International Group Inc	333,968
11,443	Cisco Systems Inc	271,205
3,710	Qualcomm Inc	270,777
6,275	JP Morgan Chase & Co	243,298
4,020	Proctor & Gamble Co	218,845
	Total	<u>\$ 3,507,985</u>

Top ten fixed income holdings at June 30, 2004:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 3,307,600	GNMA #419411 7.625% due 10/15/21	\$ 3,004,226
1,000,000	AT&T Broadband Corp 9.455% due 11/15/22	1,285,380
1,000,000	Federal Farm Credit Bank 9.80% due 07/20/09	1,247,100
1,000,000	Pedernales Electric 8.55% due 11/15/20	1,224,860
1,000,000	Massachusetts Mutual Life Insurance Co 7.625% due 11/15/23	1,176,830
1,000,000	McKesson Corp 7.65% due 03/01/27	1,140,450
1,000,000	Waste Management 8.75% due 05/01/18	1,113,720
1,000,000	Nationwide CSN Trust 9.875% due 02/15/25	1,082,890
1,000,000	GTE Corp 7.90% due 02/01/27	1,074,070
1,000,000	Tampa Electric 6.875% due 06/15/12	1,066,480
	Total	<u>\$ 13,416,006</u>

Note: A complete list of portfolio holdings is available upon request.

Investment Section

South Carolina Retirement Systems Schedule of Investment Results

	Fiscal Years ended June 30,	Lehman Aggregate (Fixed Benchmark)	Fixed Income Segment	S&P 500 Equity Index (Equity Benchmark)	Equity Segment*	Consumer Price Index (CPI)	Actuarial Assumed Rate of Return	Total Portfolio
SCRS	2004	0.33%	1.47%	19.10%	20.88%	3.27%	7.25%	8.79%
	2003	10.40%	11.82%	0.25%	-0.40%	2.11%	7.25%	8.98%
	2002	8.63%	8.24%	-17.99%	-17.32%	1.07%	7.25%	0.91%
	2001	11.23%	10.90%	-14.83%	-7.75%	3.25%	7.25%	7.14%
	2000	4.56%	4.24%	7.25%	10.23%	3.73%	7.25%	4.77%
	1999*	3.13%	2.30%	-	5.44%	1.96%	7.25%	2.42%
	1998	10.54%	15.06%	-	-	1.68%	7.25%	15.06%
	1997	8.16%	8.99%	-	-	2.30%	7.25%	8.99%
	1996	5.01%	5.29%	-	-	2.75%	7.25%	5.29%
	1995	12.55%	14.92%	-	-	3.04%	7.25%	14.92%
	3-Year Annualized	6.36%	7.08%	-0.70%	-0.16%	2.14%		6.16%
	5-Year Annualized	6.95%	7.24%	-2.21%	0.27%	2.68%		6.07%
10-Year Annualized	7.39%	8.21%	-	-	2.51%		7.64%	
PORS	2004	0.33%	1.60%	19.10%	20.88%	3.27%	7.25%	8.64%
	2003	10.40%	10.45%	0.25%	-0.40%	2.11%	7.25%	8.32%
	2002	8.63%	8.15%	-17.99%	-17.32%	1.07%	7.25%	1.02%
	2001	11.23%	10.72%	-14.83%	-7.75%	3.25%	7.25%	7.09%
	2000	4.56%	4.40%	7.25%	10.23%	3.73%	7.25%	4.93%
	1999*	3.13%	2.62%	-	5.44%	1.96%	7.25%	2.74%
	1998	10.54%	14.24%	-	-	1.68%	7.25%	14.24%
	1997	8.16%	8.77%	-	-	2.30%	7.25%	8.77%
	1996	5.01%	5.20%	-	-	2.75%	7.25%	5.20%
	1995	12.55%	14.28%	-	-	3.04%	7.25%	14.28%
	3-Year Annualized	6.36%	6.66%	-0.70%	-0.16%	2.14%		5.93%
	5-Year Annualized	6.95%	7.00%	-2.21%	0.27%	2.68%		5.96%
10-Year Annualized	7.39%	7.96%	-	-	2.51%		7.44%	

*Equity segment funded June 1999.

Note: Calculations were prepared using a time weighted rate of return based on the market rate of return in accordance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR). This schedule has been updated to reflect the Bank of New York's performance results and has been expanded to cover a 10-year period.

Investment Section

South Carolina Retirement Systems Schedule of Investment Results

	Fiscal Years ended June 30,	Lehman	Fixed	S&P 500		Consumer	Actuarial	Total
		Aggregate (Fixed Benchmark)	Income Segment	Equity Index (Equity Benchmark)	Equity Segment*	Price Index (CPI)	Assumed Rate of Return	
GARS	2004	0.33%	1.57%	19.10%	20.88%	3.27%	7.25%	9.41%
	2003	10.40%	13.85%	0.25%	-0.40%	2.11%	7.25%	10.49%
	2002	8.63%	7.51%	-17.99%	-17.32%	1.07%	7.25%	0.38%
	2001	11.23%	11.29%	-14.83%	-7.75%	3.25%	7.25%	7.28%
	2000	4.56%	4.29%	7.25%	10.23%	3.73%	7.25%	3.92%
	1999*	3.13%	2.76%	-	5.44%	1.96%	7.25%	2.88%
	1998	10.54%	12.68%	-	-	1.68%	7.25%	12.68%
	1997	8.16%	8.49%	-	-	2.30%	7.25%	8.49%
	1996	5.01%	5.13%	-	-	2.75%	7.25%	5.13%
	1995	12.55%	13.89%	-	-	3.04%	7.25%	13.89%
	3-Year Annualized	6.36%	7.52%	-0.70%	-0.16%	2.14%		6.66%
5-Year Annualized	6.95%	7.60%	-2.21%	0.27%	2.68%		6.53%	
10-Year Annualized	7.39%	8.05%	-	-	2.51%		7.53%	
JSRS	2004	0.33%	1.79%	19.10%	20.88%	3.27%	7.25%	9.02%
	2003	10.40%	12.07%	0.25%	-0.40%	2.11%	7.25%	9.42%
	2002	8.63%	8.38%	-17.99%	-17.32%	1.07%	7.25%	1.50%
	2001	11.23%	11.46%	-14.83%	-7.75%	3.25%	7.25%	7.66%
	2000	4.56%	3.08%	7.25%	10.23%	3.73%	7.25%	3.65%
	1999*	3.13%	2.52%	-	5.44%	1.96%	7.25%	2.64%
	1998	10.54%	13.06%	-	-	1.68%	7.25%	13.06%
	1997	8.16%	8.70%	-	-	2.30%	7.25%	8.70%
	1996	5.01%	5.04%	-	-	2.75%	7.25%	5.04%
	1995	12.55%	18.65%	-	-	3.04%	7.25%	18.65%
	3-Year Annualized	6.36%	7.33%	-0.70%	-0.16%	2.14%		6.59%
5-Year Annualized	6.95%	7.49%	-2.21%	0.27%	2.68%		6.20%	
10-Year Annualized	7.39%	8.46%	-	-	2.51%		7.83%	

*Equity segment funded June 1999.

Note: Calculations were prepared using a time weighted rate of return based on the market rate of return in accordance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR). This schedule has been updated to reflect the Bank of New York's performance results and has been expanded to cover a 10-year period.

Investment Section

South Carolina Retirement Systems Equity Performance Summary For the Periods Ended June 30, 2004

	<u>Quarter Return</u>	<u>One Year Return</u>	<u>Three Years Return</u>	<u>Five Years Return</u>
Total Equity Portfolio	1.4%	20.88%	-0.16%	0.27%
Rank vs. US Equity Billion Dollar Segment - Public				
US Equity Billion Dollar Segment - Public Median	1.4%	22.3%	1.9%	1.2%
Total Equity Index	1.4%	21.3%	0.6%	-0.7%
S&P 500 Index - Total Return Index (S&P Calc)	1.7%	19.1%	-0.7%	-2.2%
Passive Equity				
State Street Global Advisors - S&P 500 Index Fund	1.7%	19.2%	-0.8%	-2.2%
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	1.3%	19.3%	0.5%	0.4%
S&P 500 Index - Total Return Index (S&P Calc)	1.7%	19.1%	-0.7%	-2.2%
State Street Global Advisors - Russell 2000 Index Fund	0.5%	33.7%	-	-
Rank vs. Mercer US Equity Small Cap Core Universe				
Mercer US Equity Small Cap Core Universe Median	1.5%	33.6%	9.8%	11.5%
Russell 2000 Index	0.5%	33.4%	6.2%	6.6%
Total Active Equity	1.0%	22.3%	0.0%	-
Russell 3000 Index	1.3%	20.5%	0.2%	-1.1%
S&P 500 Index - Total Return Index (S&P Calc)	1.7%	19.1%	-0.7%	-2.2%
Total Active Equity Index	1.2%	23.1%	1.7%	-
Total Active Large Cap Equity	1.4%	18.7%	-0.7%	-
Rank vs. Mercer US Equity Large Cap Equity Universe				
Mercer US Equity Large Cap Equity Universe Median	1.5%	20.1%	0.6%	0.7%
Active Large Cap Equity Index	1.5%	19.5%	-0.2%	-
Large Cap Core Equity	0.8%	18.0%	-1.4%	-
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	1.3%	19.3%	0.5%	0.4%
S&P 500 Index - Total Return Index (S&P Calc)	1.7%	19.1%	-0.7%	-2.2%
Large Cap Growth Equity	2.3%	15.8%	-4.1%	-
Rank vs. Mercer US Equity Large Cap Growth Universe				
Mercer US Equity Large Cap Growth Universe Median	1.4%	17.6%	-2.9%	-2.6%
Russell 1000 Growth Index	1.9%	17.9%	-3.7%	-6.5%
Large Cap Value Equity	1.1%	21.6%	2.7%	-
Rank vs. Mercer US Equity Large Cap Universe				
Mercer US Equity Large Cap Value Universe Median	1.8%	22.7%	3.7%	3.6%
Russell 1000 Value Index	0.9%	21.1%	3.0%	1.9%
Total Active Smaller Cap Equity	0.1%	31.5%	1.7%	-
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Smaller Cap Universe Median	1.2%	34.1%	9.7%	12.3%
Russell 2000 Index	0.5%	33.4%	6.2%	6.6%
Smaller Cap Equity Index	0.4%	33.0%	6.7%	-
Smaller Cap Core Equity	2.2%	35.4%	6.2%	-
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Small Cap Universe Median	1.2%	34.1%	9.7%	12.3%
Russell 2000 Index	0.5%	33.4%	6.2%	6.6%
Smaller Cap Growth Equity	-1.9%	18.9%	-11.1%	-
Rank vs. Mercer US Equity Small Cap Growth Universe				
Mercer US Equity Small Cap Growth Universe Median	-0.1%	29.3%	1.8%	5.4%
Russell 2000 Growth Index	0.1%	31.5%	-0.2%	-0.5%
Smaller Cap Value Equity	0.3%	38.1%	9.4%	-
Rank vs. Mercer US Equity Small Cap Value Universe				
Mercer US Equity Small Cap Value Universe Median	2.1%	36.9%	13.8%	15.1%
Russell 2000 Value Index	0.8%	35.2%	12.2%	12.8%

Data provided by Mercer Investment Consulting, Inc.

Investment Section

South Carolina Retirement Systems Schedule of Investment Fees and Commissions For the Year Ended June 30, 2004

	<u>Market Value of Assets under Management at June 30, 2004*</u>	<u>Fees</u>
Investment Managers' Fees:		
Equity Managers' Fees (amounts expressed in thousands)	\$ 10,378,770	\$ 19,254
Other Investment Service Fees:		
Bank Fees (amounts expressed in thousands)		3,264
Consultant Fees:		
Investment Consultant Fees (amounts expressed in thousands)		681
		<u>\$ 23,199</u>

<u>Brokerage Firm</u>	<u>Number of Shares Traded</u>	<u>Commissions</u>	<u>Average Commissions per Share</u>
Citigroup Global Markets Inc.	13,295,448	\$ 649,563.90	0.0489
Merrill Lynch Pierce Fenner & Smith	13,058,293	618,263.65	0.0473
Lehman Brothers Inc. USA	10,670,285	511,981.41	0.0480
Morgan Stanley & Co.	10,305,127	457,718.95	0.0444
Wachovia Securities Capital Markets	9,337,590	441,943.70	0.0473
Goldman Sachs & Co.	9,424,755	439,997.82	0.0467
Credit Suisse First Boston	8,710,888	415,218.35	0.0477
Bernstein, Sanford & Co. LLC	8,362,792	383,417.60	0.0458
UBS Securities LLC	6,972,744	324,359.81	0.0465
Bear Stearns & Co., Inc.	8,030,092	295,117.50	0.0368
Abel Noser Corporation	18,047,101	291,821.63	0.0162
Banc of America Securities LLC	6,648,128	288,238.30	0.0434
Southwest Securities Inc.	14,124,314	270,606.70	0.0192
JP Morgan Securities Inc.	4,992,375	244,141.13	0.0489
State Street Brokerage Service Inc.	14,942,118	230,348.63	0.0154
Bear Stearns Securities Corp.	5,214,868	220,930.73	0.0424
Jefferies & Co., Inc.	5,629,177	220,594.33	0.0392
Deutsche Banc/Alex Brown Inc.	3,866,501	189,685.78	0.0491
C.E. Unterberg, Towbin	4,931,681	180,540.46	0.0366
RBC/Dain Rauscher Inc Bk NYC	3,907,485	174,984.96	0.0448
US Bancorp Piper Jaffray Inc.	3,836,144	165,791.46	0.0432
CIBC World Markets Corp.	3,296,379	158,947.48	0.0482
Wachovia Securities LLC	3,141,030	152,089.50	0.0484
Cantor, Fitzgerald & Co., Inc.	3,885,171	149,006.83	0.0384
Thomas Weisel Partners LLC	3,029,555	139,674.54	0.0461
Prudential Equity Group	2,890,450	136,221.35	0.0471
Charles Schwab & Co., Inc.	3,284,741	134,413.05	0.0409
UBS Financial Services Inc.	2,647,077	131,673.85	0.0497
Pacific Growth Equities	3,287,097	119,258.41	0.0363
SG Americas Securities LLC	2,515,945	115,621.75	0.0460
Baird, Robert W. & Co. Inc.	2,437,358	112,711.66	0.0462
Legg Mason Wood Walker, Inc.	2,362,525	110,921.13	0.0470
Morgan Keegan & Co., Inc.	1,875,716	93,139.30	0.0497
Adams, Harkness & Hill Inc.	1,599,232	78,353.10	0.0490
Merrill Lynch Professional	1,568,184	68,312.16	0.0436
BNY Brokerage Inc.	1,398,950	66,873.70	0.0478
Liquidnet Inc.	2,161,541	65,414.82	0.0303
Friedman, Billings & Ramsey	1,294,500	62,709.00	0.0484
SunTrust Capital Markets Inc.	1,432,700	61,982.50	0.0433
Instinet Corp.	1,779,422	56,161.60	0.0316
All others ¹	39,510,199	1,539,363.77	0.0390
	<u>269,705,678</u>	<u>\$10,568,116.30</u>	<u>0.0392</u>

Data provided by the Bank of New York.

*Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

¹Other brokers include 144 additional brokers each receiving less than \$50,000 in total commissions.

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees for Equities For the Year Ended June 30, 2004 (Amounts expressed in thousands)

<u>Investment Manager</u>	<u>Style</u>	<u>Initial Funding Date</u>	<u>Market Value of Assets under Management at June 30, 2004¹</u>	<u>Fees</u>
State Street Global Advisors Boston, MA	Large Cap Passive S&P 500 Index Fund	June 16, 1999	\$ 4,660,727	\$ 141
Institutional Capital Corp. Chicago, IL	Large Cap Value	March 15, 2000	699,911	2,223
Alliance Capital Management L.P. New York, NY	Large Cap Value	May 3, 2000	537,877	1,024
Flippin, Bruce & Porter, Inc. Lynchburg, VA	Large Cap Value	March 2, 2000	440,283	1,116
Alliance Capital Management L.P. New York, NY	Large Cap Growth	July 2, 2001	765,708	1,828
Montag & Caldwell, Inc. Atlanta, GA	Large Cap Growth	May 8, 2000	604,652	1,116
Barclays Global Investors ² San Francisco, CA	Large Cap Core	April 16, 2004	337,591	191
Wellington Management Company, LLP Boston, MA	Large Cap Core	March 15, 2000	609,391	2,401
State Street Global Advisors Boston, MA	Small/Mid Cap Passive Russell 2000 Index Fund	October 1, 2001	295,626	48
J.L. Kaplan Associates, LLC Boston, MA	Small Cap Value	October 29, 1999	319,498	1,567
Benson Associates, LLC Portland, OR	Small Cap Value	October 1, 2002	243,131	1,367
Suffolk Capital Management, Inc. ³ New York, NY	Small Cap Growth	October 29, 1999	-	1,042
TimesSquare Capital Management New York, NY	Small Cap Growth	October 1, 2002	310,791	2,294
Fidelity Management Trust Company Boston, MA	Small Cap Core	May 23, 2000	253,758	1,423
The Boston Company Asset Management, LLC Boston, MA	Small Cap Core	November 17, 1999	299,826	1,473
			\$ 10,378,770	\$ 19,254

¹Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

²Barclays Global Investors was funded on April 16, 2004.

³The contract with Suffolk Capital Management, Inc., was terminated April 2004.

Investment Section

Serving South Carolina's Justices, Judges, and Solicitors

*The Retirement System for
Judges and Solicitors of the State of South Carolina (JSRS)*



South Carolina Supreme Court Building Court Room

Photograph of the court room in the South Carolina Supreme Court building was provided courtesy of the Supreme Court of South Carolina.

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GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

5605 N. MacArthur Blvd. • Suite 870 • Irving, Texas 75038-2631 • 469-524-0000 • fax 469-524-0004

November 5, 2004

State Budget and Control Board
South Carolina Retirement Systems
Columbia, South Carolina 29211

Gentlemen:

The laws governing the operation of the various Retirement Systems provide that actuarial valuations of the assets and liabilities of the Systems shall be made annually for the South Carolina Retirement System and the Police Officers Retirement System and no less frequently than biennially for the General Assembly Retirement System and the Judges and Solicitors Retirement System. We have submitted the results of the actuarial valuations prepared as of July 1, 2003. In preparing the valuations the actuary relied on data provided by the Systems. While not verifying the data at source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for the actuarial trend data in the financial section of the report and the supporting schedules in the actuarial section, beginning with the information as of July 1, 2001. Information for previous years was supplied by other actuarial firms employed by the Systems at the time.

The financing objective of the Systems is that contribution rates will remain relatively level over time as a percentage of payroll. Contribution rates are developed using the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percentage of payroll. A market-related value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liabilities that are being amortized by regular annual contributions as a level percent of payroll within a 30-year period, assuming 4.00% annual payroll growth for the South Carolina Retirement System and the Police Officers Retirement System, and 3.25% annual payroll growth for the Judges and Solicitors Retirement System, and a 0.00% annual payroll growth for the General Assembly Retirement System.

The assumptions recommended by the actuary are in the aggregate reasonably related to the experience under the Systems and to reasonable expectations of anticipated experience under the Systems. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The assumptions and methods were modified this year, based on analysis of plan experience. The following schedules present summaries of the principal results of the valuations prepared as of July 1, 2003 and the actuarial methods and assumptions used to prepare the valuations.

Actuarial Section

State Budget and Control Board
November 5, 2004
Page 2

In our opinion the Systems are operating on an actuarially sound basis. Assuming that contributions to the Systems are made by the employers from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement funds to provide the benefits called for under the Systems may be safely anticipated.

Sincerely,

Gabriel, Roeder, Smith & Company



W. Michael Carter, F.S.A.
Senior Consultant

klb

k/3001/2004/Plan/Annual.Report.03doc

Actuarial Section

South Carolina Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2003 (All dollar amounts are in thousands)

	<u>July 1, 2003</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 4,627,360
ii) Employer Annuity Accumulation Fund	<u>15,570,576</u>
iii) Total Current Assets	\$ 20,197,936
b. <u>Future Member Contributions to Employee Annuity Savings Fund</u>	\$ 2,781,610
c. <u>Prospective Contributions to Employer Annuity Accumulation Fund</u>	
i) Normal Contributions	\$ 2,245,053
ii) Accrued Liability Contributions	<u>4,200,995</u>
iii) Total Prospective Employer Contributions	\$ 6,446,048
d. <u>Total Assets</u>	<u>\$ 29,425,594</u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 4,627,360
ii) Future Member Contributions	<u>2,781,610</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$ 7,408,970
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 13,240,368
ii) Benefits to be Paid to Current Active Members	<u>8,776,256</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 22,016,624
c. <u>Total Liabilities</u>	<u>\$ 29,425,594</u>

Actuarial Section

Police Officers Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2003 (All dollar amounts are in thousands)

	<u>July 1, 2003</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 516,313
ii) Employer Annuity Accumulation Fund	<u>1,995,056</u>
iii) Total Current Assets	\$ 2,511,369
b. <u>Future Member Contributions to Employee Annuity Savings Fund</u>	\$ 416,563
c. <u>Prospective Contributions to Employer Annuity Accumulation Fund</u>	
i) Normal Contributions	\$ 437,421
ii) Accrued Liability Contributions	<u>233,480</u>
iii) Total Prospective Employer Contributions	\$ 670,901
d. <u>Total Assets</u>	<u><u>\$ 3,598,833</u></u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 516,313
ii) Future Member Contributions	<u>416,563</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$ 932,876
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 1,265,173
ii) Benefits to be Paid to Current Active Members	<u>1,400,784</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 2,665,957
c. <u>Total Liabilities</u>	<u><u>\$ 3,598,833</u></u>

Actuarial Section

General Assembly Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2003

	<u>July 1, 2003</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 8,324,000
ii) Employer Annuity Accumulation Fund	36,358,000
iii) Total Current Assets	<u>\$ 44,682,000</u>
b. <u>Future Member Contributions to Employee Annuity Savings Fund*</u>	\$ 2,681,019
c. <u>Prospective Contributions to Employer Annuity Accumulation Fund</u>	
i) Normal Contributions	\$ 2,081,067
ii) Accrued Liability Contributions	21,937,549
iii) Total Prospective Employer Contributions	<u>\$ 24,018,616</u>
d. <u>Total Assets</u>	<u>\$ 71,381,635</u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 8,324,000
ii) Future Member Contributions*	2,681,019
iii) Total Contributions to Employee Annuity Savings Fund	<u>\$ 11,005,019</u>
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 46,780,817
ii) Benefits to be Paid to Current Active Members	13,595,799
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	<u>\$ 60,376,616</u>
c. <u>Total Liabilities</u>	<u>\$ 71,381,635</u>

*Includes future special contributors

Actuarial Section

Judges and Solicitors Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2003

	<u>July 1, 2003</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 16,544,772
ii) Employer Annuity Accumulation Fund	<u>89,569,228</u>
iii) Total Current Assets	\$ 106,114,000
b. <u>Future Member Contributions to Employee Annuity Savings Fund</u>	\$ 8,078,006
c. <u>Prospective Contributions to Employer Annuity Accumulation Fund</u>	
i) Normal Contributions	\$ 18,419,780
ii) Accrued Liability Contributions	<u>60,540,686</u>
iii) Total Prospective Employer Contributions	\$ 78,960,466
d. <u>Total Assets</u>	<u><u>\$ 193,152,472</u></u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 16,544,772
ii) Future Member Contributions	<u>8,078,006</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$ 24,622,778
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 96,408,806
ii) Benefits to be Paid to Current Active Members	<u>72,120,888</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 168,529,694
c. <u>Total Liabilities</u>	<u><u>\$ 193,152,472</u></u>

Actuarial Section

South Carolina Retirement System Results of the Valuation as of July 1, 2003 (All dollar amounts are in thousands)

July 1, 2003

1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present retired members and beneficiaries	\$ 13,240,368
b. Present active and inactive members	<u>16,185,226</u>
c. Total Actuarial Present Value	\$ 29,425,594
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee at 6.00%	\$ 2,781,610
b. Employer at 4.31%	<u>2,245,053</u>
c. Total Future Normal Contributions	\$ 5,026,663
3. <u>Actuarial Accrued Liability = 1.c. - 2.c.</u>	\$ 24,398,931
4. <u>Current Actuarial Value of Assets</u>	\$ 20,197,936
5. <u>Unfunded Actuarial Accrued Liability = 3. - 4.</u>	\$ 4,200,995
6. <u>Unfunded Accrued Liability Rates</u>	
a. State Employees and Teachers	3.24%
b. Others	3.24%
7. <u>Unfunded Accrued Liability Liquidation Period</u>	25 years
8. <u>Group life insurance benefit contribution rate</u>	0.15%

Actuarial Section

Police Officers Retirement System Results of the Valuation as of July 1, 2003 (All dollar amounts are in thousands)

July 1, 2003

1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present retired members and beneficiaries	\$ 1,265,173
b. Present active and inactive members	<u>2,333,660</u>
c. Total Actuarial Present Value	\$ 3,598,833
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee at 6.50%	\$ 416,563
b. Employer at 7.05%	<u>437,421</u>
c. Total Future Normal Contributions	\$ 853,984
3. <u>Actuarial Accrued Liability = 1.c. - 2.c.</u>	\$ 2,744,849
4. <u>Current Actuarial Value of Assets</u>	\$ 2,511,369
5. <u>Unfunded Actuarial Accrued Liability = 3. - 4.</u>	\$ 233,480
6. <u>Unfunded Accrued Liability Rates</u>	3.25%
7. <u>Unfunded Accrued Liability Liquidation Period</u>	11 years
8. <u>Group life insurance benefit contribution rate</u>	0.20%
9. <u>Accidental death benefit contribution rate</u>	0.20%

Actuarial Section

General Assembly Retirement System Results of the Valuation as of July 1, 2003

	<u>July 1, 2003</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present retired members and beneficiaries	\$ 46,780,817
b. Present active and inactive members	<u>24,600,818</u>
c. Total Actuarial Present Value	\$ 71,381,635
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee at 10.00%	\$ 2,211,493
b. Special Contributors at 10%	469,526
c. Employer at 10.88%	<u>2,081,067</u>
d. Total Future Normal Contributions	\$ 4,762,086
3. <u>Actuarial Accrued Liability = 1.c. - 2.d.</u>	\$ 66,619,549
4. <u>Current Actuarial Value of Assets</u>	\$ 44,682,000
5. <u>Unfunded Actuarial Accrued Liability = 3. - 4.</u>	\$ 21,937,549
6. <u>Unfunded Accrued Liability Liquidation Period</u>	24 years

Actuarial Section

Judges and Solicitors Retirement System Results of the Valuation as of July 1, 2003

	<u>July 1, 2003</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present retired members and beneficiaries	\$ 96,408,806
b. Present active and inactive members	<u>96,743,666</u>
c. Total Actuarial Present Value	\$ 193,152,472
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee at 7.00%	\$ 8,078,006
b. Employer at 16.33%	<u>18,419,780</u>
c. Total Future Normal Contributions	\$ 26,497,786
3. <u>Actuarial Accrued Liability = 1.c. - 2.c.</u>	\$ 166,654,686
4. <u>Current Actuarial Value of Assets</u>	\$ 106,114,000
5. <u>Unfunded Actuarial Accrued Liability = 3. - 4.</u>	\$ 60,540,686
6. <u>Unfunded Accrued Liability Rates</u>	25.32%
7. <u>Unfunded Accrued Liability Liquidation Period</u>	27 years

Actuarial Section

South Carolina Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

Salary increases are assumed in accordance with the following representative rates:

<u>Years of Service</u>	<u>Annual Increase</u>		<u>Years of Service</u>	<u>Annual Increase</u>	
	<u>General Employees</u>	<u>Teachers</u>		<u>General Employees</u>	<u>Teachers</u>
0	8.00%	8.00%	8	4.50%	4.75%
1	5.75%	8.00%	9	4.50%	4.75%
2	5.00%	5.50%	10	4.25%	4.75%
3	4.75%	5.25%	11	4.25%	4.50%
4	4.50%	5.00%	12	4.25%	4.40%
5	4.50%	5.00%	13	4.25%	4.40%
6	4.50%	5.00%	14	4.25%	4.40%
7	4.50%	4.75%	15+	4.00%	4.00%

3. Decrement Rates

a. Service Retirement

		<u>Annual Rates of</u>			
		<u>Unreduced Service Retirement*</u>		<u>Reduced Service Retirement</u>	
		<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Employees	<u>Age</u>				
	50	12%	14%		
	55	15%	18%	5%	10%
	60	20%	20%	5%	11%
	61	20%	20%	15%	15%
	62	30%	35%	27%	28%
	63	30%	30%	16%	20%
	64	30%	35%	22%	20%
	65	40%	40%		
	66	20%	25%		
	67	20%	25%		
	68	20%	25%		
69	20%	25%			
70	100%	100%			
Teachers	50	14%	15%		
	55	18%	25%	6%	9%
	60	25%	25%	14%	15%
	61	30%	40%	18%	20%
	62	20%	35%	25%	25%
	63	20%	25%	28%	20%
	64	35%	30%	28%	30%
	65	45%	40%		
	66	23%	23%		
	67	23%	23%		
	68	23%	23%		
	69	23%	23%		
70	100%	100%			

Actuarial Section

*Plus the following percentage in the year when first become eligible for unreduced service retirement before age 65.

	<u>Teachers</u>	<u>General Employees</u>
Male	40%	30%
Female	40%	40%

b. In-service Mortality and Disability

Age	Annual Rates of							
	Mortality				Disability			
	<u>Employees</u>		<u>Teachers</u>		<u>Employees</u>		<u>Teachers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.04%	0.01%	0.03%	0.01%	0.06%	0.05%	0.04%	0.05%
30	0.04%	0.02%	0.03%	0.01%	0.12%	0.07%	0.06%	0.07%
35	0.08%	0.03%	0.06%	0.03%	0.17%	0.15%	0.08%	0.07%
40	0.11%	0.05%	0.08%	0.04%	0.29%	0.19%	0.16%	0.13%
45	0.15%	0.07%	0.11%	0.06%	0.40%	0.27%	0.26%	0.26%
50	0.21%	0.11%	0.16%	0.09%	0.58%	0.46%	0.42%	0.42%
55	0.30%	0.16%	0.23%	0.14%	0.92%	0.74%	0.68%	0.68%
60	0.49%	0.26%	0.37%	0.22%	1.15%	1.12%	1.05%	1.05%
64	0.70%	0.35%	0.53%	0.30%	1.44%	1.56%	1.31%	1.31%

c. Withdrawal rates

Probability of Decrement Due to Withdrawal											
Years of Service - Male Teachers											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2964	0.2029	0.1384	0.0973	0.0721	0.0578	0.0513	0.0508	0.0518	0.0538	0.0560
30	0.2721	0.1922	0.1356	0.0990	0.0776	0.0662	0.0607	0.0577	0.0538	0.0477	0.0387
35	0.2531	0.1823	0.1316	0.0990	0.0805	0.0708	0.0657	0.0611	0.0540	0.0429	0.0273
40	0.2371	0.1730	0.1271	0.0979	0.0817	0.0730	0.0679	0.0619	0.0529	0.0390	0.0199
45	0.2239	0.1649	0.1228	0.0960	0.0811	0.0726	0.0669	0.0600	0.0503	0.0359	0.0167
50	0.2135	0.1587	0.1192	0.0936	0.0787	0.0698	0.0628	0.0553	0.0460	0.0335	0.0174
55	0.2063	0.1549	0.1168	0.0908	0.0742	0.0645	0.0557	0.0479	0.0401	0.0317	0.0222
60	0.1996	0.1518	0.1143	0.0865	0.0669	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Probability of Decrement Due to Withdrawal											
Years of Service - Female Teachers											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2299	0.1608	0.1209	0.1006	0.0892	0.0841	0.0827	0.0802	0.0731	0.0660	0.0601
30	0.2269	0.1664	0.1260	0.1015	0.0878	0.0802	0.0751	0.0696	0.0618	0.0527	0.0426
35	0.2171	0.1597	0.1208	0.0966	0.0830	0.0748	0.0682	0.0615	0.0536	0.0434	0.0303
40	0.2045	0.1477	0.1106	0.0885	0.0759	0.0683	0.0616	0.0551	0.0475	0.0368	0.0215
45	0.1930	0.1361	0.1001	0.0798	0.0685	0.0619	0.0561	0.0504	0.0435	0.0329	0.0163
50	0.1866	0.1296	0.0937	0.0738	0.0633	0.0570	0.0523	0.0478	0.0417	0.0317	0.0154
55	0.1879	0.1308	0.0935	0.0727	0.0626	0.0543	0.0509	0.0474	0.0420	0.0331	0.0190
60	0.1948	0.1379	0.0986	0.0758	0.0660	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Actuarial Section

Probability of Decrement Due to Withdrawal

Years of Service - Male Employees											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.3288	0.2466	0.1902	0.1554	0.1345	0.1166	0.0963	0.0783	0.0650	0.0595	0.0662
30	0.2939	0.2211	0.1726	0.1425	0.1236	0.1089	0.0951	0.0821	0.0704	0.0603	0.0530
35	0.2678	0.1997	0.1553	0.1285	0.1122	0.1010	0.0916	0.0822	0.0716	0.0586	0.0424
40	0.2456	0.1804	0.1384	0.1140	0.1002	0.0922	0.0861	0.0791	0.0695	0.0549	0.0335
45	0.2257	0.1636	0.1233	0.1003	0.0882	0.0825	0.0781	0.0727	0.0639	0.0493	0.0266
50	0.2082	0.1501	0.1115	0.0891	0.0774	0.0717	0.0675	0.0626	0.0547	0.0419	0.0224
55	0.1942	0.1410	0.1041	0.0814	0.0691	0.0600	0.0543	0.0488	0.0419	0.0328	0.0212
60	0.1827	0.1351	0.1002	0.0770	0.0632	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Probability of Decrement Due to Withdrawal

Years of Service - Female Employees											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2981	0.2459	0.2060	0.1772	0.1560	0.1385	0.1248	0.1159	0.1094	0.1030	0.0940
30	0.2710	0.2236	0.1864	0.1591	0.1395	0.1253	0.1145	0.1059	0.0970	0.0853	0.0688
35	0.2506	0.2015	0.1657	0.1410	0.1244	0.1130	0.1042	0.0958	0.0857	0.0712	0.0505
40	0.2329	0.1803	0.1451	0.1233	0.1101	0.1010	0.0935	0.0854	0.0748	0.0592	0.0367
45	0.2172	0.1622	0.1275	0.1080	0.0972	0.0894	0.0825	0.0746	0.0644	0.0493	0.0276
50	0.2041	0.1493	0.1151	0.0966	0.0864	0.0787	0.0715	0.0637	0.0543	0.0414	0.0234
55	0.1946	0.1429	0.1091	0.0895	0.0778	0.0688	0.0605	0.0526	0.0445	0.0353	0.0240
60	0.1873	0.1412	0.1079	0.0855	0.0701	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Note: No probability of withdrawal is applied to members eligible to retire.

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates, with the female rates set back one year. A separate table of mortality rates is used for disabled retirees. The following are sample rates:

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	0.28%	0.14%	3.06%	2.31%
55	0.48%	0.22%	3.86%	2.66%
60	0.86%	0.42%	4.82%	2.98%
65	1.56%	0.82%	5.42%	3.33%
70	2.55%	1.37%	5.91%	3.70%
75	4.00%	2.19%	6.74%	4.43%
80	6.67%	3.80%	9.02%	6.71%
85	10.46%	6.56%	13.45%	10.15%

5. Marriage Assumption

100% of all active members are assumed to be married, with female spouses being 3 years younger.

6. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

Actuarial Section

7. Cost Methods

a. Normal Retirement, Termination, Death and Disability Benefits

The contribution rate is set by statute for both employees and for the employers. The funding period is determined, as described below, using the Entry Age Normal actuarial cost method.

The Entry Age Normal actuarial cost method assigns the plan's total unfunded liabilities (the actuarial present value of future benefits less the actuarial value of assets) to various periods. The unfunded actuarial accrued liability is assigned to years prior to the valuation, and the normal cost is assigned to the year following the valuation. The remaining costs are the normal costs for future years. Then each year's contribution is composed of (i) that year's normal cost, plus (ii) a payment used to reduce the unfunded actuarial accrued liability.

The normal cost is the level (as a percentage of pay) contribution required to fund the benefits for a new member. This is determined based upon a hypothetical group of new entrants. This group is based on the age-pay-sex distribution of new members joining SCRS during the six-year period ending June 30, 2003. Part of the normal cost is paid from the employees' own contributions. The employers pay the balance from their contributions.

The actuarial accrued liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets.

The balance of the employers' contributions--the remainder after paying their share of the normal cost--is used to reduce the unfunded actuarial accrued liability. The funding period is the length of time required for the unfunded actuarial accrued liability to be completely amortized, assuming that the portion used to reduce the unfunded liability remains level as a percentage of total payroll, which is assumed to grow 4.00% per year.

The calculation of the funding period reflects additional contributions the System receives with respect to both ORP participants and return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active SCRS employees.

It is assumed that amortization payments are made monthly at the end of the month.

b. Group Life Insurance Benefit

One-year term cost method.

8. Unused Annual Leave

To account for the effect of unused annual leave on Average Final Compensation, liabilities for active members are increased 2.50%.

9. Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

10. Cost-of-Living Increases

None assumed.

11. Administrative and Investment Expenses

The investment return assumption represents the expected return net of all administrative and investment expenses.

Actuarial Section

12. Payroll Growth Rate

4.00% per annum.

13. Valuation of Teachers and Employees Retention Incentive (TERI)

We have assumed 80% of all members elect TERI coverage when they are first eligible for an unreduced retirement benefit before age 65. We assume members in the TERI are exposed to adjusted retirement rates during TERI coverage and we assume 100% terminate employment at the end of the TERI period (5 years). The retirement rate is adjusted by the following schedule based on number of years since entering TERI:

<u>Years Since Entering TERI Program</u>	<u>Multiple of Unreduced Retirement Table</u>
0.00 - 0.99	50%
1.00 - 1.99	65%
2.00 - 2.99	80%
3.00 - 3.99	90%
4.00 - 4.99	100%
5.00	All members assumed to retire immediately

14. Changes from Prior Valuation

Assumptions and methods as reflected in July 1, 2003, experience study.

15. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 20, 2004.

Actuarial Section

South Carolina Retirement System Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

Item (1)	Valuation as of July 1, 2003 (2)
1. Excess (shortfall) of investment income for current year and previous three years:	
a. Current year	\$ 319,064
b. Current year - 1	(1,179,755)
c. Current year - 2	16,019
d. Current year - 3	(430,856)
2. Deferral of excess (shortfall) of investment income for:	
a. Current year (80% deferral)	\$ 255,251
b. Current year - 1 (60% deferral)	(707,853)
c. Current year - 2 (40% deferral)	6,408
d. Current year - 3 (20% deferral)	(86,171)
e. Total deferred for year	\$ (532,365)
3. Market value of plan assets, end of year	\$ 19,665,571
4. Preliminary actuarial value of plan assets, end of year (Item 3 - Item 2.e.)	\$ 20,197,936
5. Actuarial value of assets corridor	
a. 80% of market value of assets, end of year	\$ 15,732,457
b. 120% of market value of assets, end of year	\$ 23,598,685
6. Final actuarial value of plan assets, end of year (Item 4., but not less than Item 5.a., or greater than Item 5.b.)	\$ 20,197,936

Actuarial Section

Police Officers Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

Salary increases are assumed in accordance with the following representative rates:

<u>Years of Service</u>	<u>Annual Increase</u>	<u>Years of Service</u>	<u>Annual Increase</u>
0	11.50%	8	4.75%
1	6.75%	9	4.75%
2	5.75%	10	4.75%
3	5.50%	11	4.75%
4	5.25%	12	4.50%
5	5.00%	13	4.50%
6	4.75%	14	4.50%
7	4.75%	15+	4.50%

3. Decrement Rates

The following are representative values of the assumed annual rates of withdrawal, inservice mortality, disability, and service retirement.

<u>Age</u>	<u>Annual Rates of</u>		
	<u>Service Retirement*</u>	<u>Mortality</u>	<u>Disability</u>
20		0.03%	0.12%
25		0.03%	0.14%
30		0.04%	0.18%
35		0.07%	0.35%
40		0.10%	0.46%
45	20.00%	0.14%	0.69%
50	20.00%	0.19%	0.86%
55	14.00%	0.27%	
60	15.00%	0.44%	
64	25.00%	0.63%	

*Plus an additional 22% in year when first eligible for unreduced service retirement.

All employees are assumed to retire at age 65.

In addition, 25% of disabilities are assumed to be duty related, and 5% of pre-retirement deaths are assumed to be accidental.

Actuarial Section

Probability of Decrement Due to Withdrawal

Years of Service - Female Employees

Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2494	0.1816	0.1342	0.1047	0.0885	0.0780	0.0715	0.0640	0.0545	0.0524	0.0618
30	0.2478	0.1822	0.1376	0.1107	0.0959	0.0876	0.0810	0.0732	0.0633	0.0545	0.0481
35	0.2450	0.1795	0.1359	0.1104	0.0967	0.0899	0.0837	0.0763	0.0665	0.0539	0.0381
40	0.2398	0.1739	0.1304	0.1055	0.0927	0.0868	0.0814	0.0747	0.0653	0.0510	0.0305
45	0.2312	0.1649	0.1212	0.0964	0.0845	0.0783	0.0738	0.0681	0.0595	0.0458	0.0256
50	0.2193	0.1532	0.1090	0.0839	0.0730	0.0646	0.0610	0.0564	0.0490	0.0382	0.0236
55	0.2050	0.1393	0.0944	0.0684	0.0587						
60	0.1871	0.1228	0.0773	0.0503	0.0419						

Note: No probability of withdrawal is applied to members eligible to retire.

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates with female rates set back one year and male rates set forward three years. A separate table of mortality rates is used for disabled retirees. The following are sample rates for the retirees and beneficiaries:

Age	Healthy		Disabled
	Male	Female	All
50	0.39%	0.14%	2.30%
55	0.68%	0.22%	2.89%
60	1.23%	0.42%	3.62%
65	2.14%	0.82%	4.07%
70	3.35%	1.37%	4.43%
75	5.40%	2.19%	5.05%
80	8.87%	3.80%	6.77%
85	13.65%	6.56%	10.09%

5. Marriage Assumption

100% of all active members are assumed to be married, with female spouses being 4 years younger.

6. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

7. Cost Methods

a. Normal Retirement, Termination, Death and Disability Benefits

Projected benefit method with level percentage entry age normal cost. Gains and losses are reflected in the period remaining to liquidate the unfunded actuarial accrued liability.

b. Group Life Insurance Benefit and Accidental Death Benefits

One-year term cost method.

8. Unused Annual Leave

To account for the effect of unused annual leave on Average Final Compensation, liabilities for active members are increased 3.75%.

9. Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

Actuarial Section

10. Cost-of-Living Increases

None assumed.

11. Administrative and Investment Expenses

The investment return assumption represents the expected return net of all administrative and investment expenses.

12. Payroll Growth Rate

4.00% per annum.

13. Change from Prior Valuation

Assumptions and methods as reflected in July 1, 2003 experience study.

14. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 20, 2004.

Police Officers Retirement System Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

Item (1)	Valuation as of July 1, 2003 (2)
1. Excess (shortfall) of investment income for current year and previous three years:	
a. Current year	\$ 57,490
b. Current year - 1	(143,238)
c. Current year - 2	(1,635)
d. Current year - 3	(47,712)
2. Deferral of excess (shortfall) of investment income for:	
a. Current year (80% deferral)	\$ 45,992
b. Current year - 1 (60% deferral)	(85,943)
c. Current year - 2 (40% deferral)	(654)
d. Current year - 3 (20% deferral)	(9,542)
e. Total deferred for year	\$ (50,147)
3. Market value of plan assets, end of year	\$ 2,461,222
4. Preliminary actuarial value of plan assets, end of year (Item 3 - Item 2.e.)	\$ 2,511,369
5. Actuarial value of assets corridor	
a. 80% of market value of assets, end of year	\$ 1,968,978
b. 120% of market value of assets, end of year	\$ 2,953,466
6. Final actuarial value of plan assets, end of year (Item 4., but not less than Item 5.a., or greater than Item 5.b.)	\$ 2,511,369

Actuarial Section

General Assembly Retirement System Summary of Actuarial Assumptions and Methods

1. **Investment Return to be Earned by Fund**

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. **Salary Increases**

None assumed.

3. **Decrement Rates**

The following are representative values of the assumed annual rates of withdrawal, inservice mortality, disability, and service retirement.

a. **Unreduced Service Retirement**

<u>Age</u>	<u>Rates of Retirement</u>
50 & under	40%
55	40%
60	7%
61	7%
62	7%
63	7%
64	7%
65	15%
66	15%
67	15%
68	15%
69	15%
70 & older	100%

b. **In-service Mortality and Disability**

<u>Age</u>	<u>Annual Rates of</u>			
	<u>Mortality</u>		<u>Disability</u>	
	<u>Employees</u>		<u>Employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.04%	0.01%	0.06%	0.05%
30	0.04%	0.02%	0.12%	0.07%
35	0.08%	0.03%	0.17%	0.15%
40	0.11%	0.05%	0.29%	0.19%
45	0.15%	0.07%	0.40%	0.27%
50	0.21%	0.11%	0.58%	0.46%
55	0.30%	0.16%	0.92%	0.74%
60	0.49%	0.26%	1.15%	1.12%
64	0.70%	0.35%	1.44%	1.56%

Actuarial Section

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates, with the female rates set back one year. A separate table of mortality rates is used for disabled retirees. The following are sample rates:

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	0.28%	0.14%	3.06%	2.31%
55	0.48%	0.22%	3.86%	2.66%
60	0.86%	0.42%	4.82%	2.98%
65	1.56%	0.82%	5.42%	3.33%
70	2.55%	1.37%	5.91%	3.70%
75	4.00%	2.19%	6.74%	4.43%
80	6.67%	3.80%	9.02%	6.71%
85	10.46%	6.56%	13.45%	10.15%

5. Marriage Assumption

100% of all active and special contributor members are assumed to be married, with female spouses being 4 years younger.

6. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

7. Cost Methods

a. Normal Retirement, Termination, Death and Disability Benefits

Projected benefit method with level percentage entry age normal cost and close-end unfunded actuarial accrued liability. Gains and losses are amortized over the closed period.

b. Group Life Insurance Benefit

One-year term cost method.

8. Cost-of-Living Increases

None assumed.

9. Payroll Growth Rate

None assumed.

10. Administrative and Investment Expenses

The investment return assumption represents the expected return net of all administrative and investment expenses.

11. Changes from Prior Valuation

Assumptions and methods as reflected in July 1, 2003 experience study.

12. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on Nov 9, 2004.

Actuarial Section

General Assembly Retirement System Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

Item (1)	Valuation as of July 1, 2003 (2)
1. Excess (shortfall) of investment income for current year and previous three years:	
a. Current year	\$ 1,068
b. Current year - 1	(3,065)
c. Current year - 2	61
d. Current year - 3	(1,114)
2. Deferral of excess (shortfall) of investment income for:	
a. Current year (80% deferral)	\$ 854
b. Current year - 1 (60% deferral)	(1,839)
c. Current year - 2 (40% deferral)	24
d. Current year - 3 (20% deferral)	(223)
e. Total deferred for year	\$ (1,184)
3. Market value of plan assets, end of year	\$ 43,498
4. Preliminary actuarial value of plan assets, end of year (Item 3 - Item 2.e.)	\$ 44,682
5. Actuarial value of assets corridor	
a. 80% of market value of assets, end of year	\$ 34,798
b. 120% of market value of assets, end of year	\$ 52,198
6. Final actuarial value of plan assets, end of year (Item 4., but not less than Item 5.a., or greater than Item 5.b.)	\$ 44,682

Actuarial Section

Judges and Solicitors Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

3.25% per annum, compounded annually.

3. Disability and Pre-retirement Mortality Rates

The following are representative values of the assumed annual rates of disability and pre-retirement death.

<u>Age</u>	<u>Annual Rates of</u>			
	<u>Mortality</u>		<u>Disability</u>	
	<u>Employees</u>		<u>Employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.06%	0.03%	0.04%	0.05%
30	0.07%	0.04%	0.06%	0.07%
35	0.07%	0.04%	0.08%	0.07%
40	0.10%	0.05%	0.15%	0.12%
45	0.18%	0.08%	0.25%	0.25%
50	0.30%	0.13%	0.40%	0.40%
55	0.46%	0.21%	0.65%	0.65%
60	0.65%	0.33%	1.00%	1.00%
64	0.99%	0.54%	1.25%	1.25%

No in-service withdrawals are assumed.

4. Mortality After Retirement

For healthy retirees and beneficiaries, the 1983 Group Annuity Mortality Table rates. A separate table of mortality rates is used for disabled retirees. The following are sample rates for the healthy retirees and beneficiaries:

<u>Age</u>	<u>Male</u>	<u>Female</u>
60	0.92%	0.42%
65	1.56%	0.71%
70	2.75%	1.24%
75	4.46%	2.40%
80	7.41%	4.29%
85	11.48%	6.99%

5. Normal Retirement Assumption

Upon meeting the retirement eligibility requirement, participants are assumed to retire in the following manner:

Before age 65,

<u>Year Eligible</u>	<u>Retirement Rate</u>
1st	40%
2nd	25%
3rd and after	12%

Actuarial Section

After age 65,

<u>Age</u>	<u>Portion Retiring</u>
Under 70	12%
70 & over	100%

6. **Marriage Assumption**

95% of all active members are assumed to be married with female spouses being 3 years younger.

7. **Asset Valuation Method**

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

8. **Cost Methods**

a. **Normal Retirement, Termination, Death and Disability Benefits**

Projected benefit method with level percentage entry age normal cost. Gains and losses are reflected in the period remaining to liquidate the unfunded actuarial accrued liability.

b. **Group Life Insurance Benefit**

One-year term cost method.

9. **Cost-of-Living Increases**

3.25% per annum.

10. **Administrative and Investment Expenses**

The investment return assumption represents the expected return net of all administrative and investment expenses.

11. **Payroll Growth Rate**

3.25% per annum.

12. **Changes from Prior Valuation**

Assumptions and methods as reflected in July 1, 2002 experience study.

13. **Adoption Date**

The current actuarial assumptions were adopted by the State Budget and Control Board on April 20, 2004.

Actuarial Section

Judges and Solicitors Retirement System Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

Item (1)	Valuation as of July 1, 2003 (2)
1. Excess (shortfall) of investment income for current year and previous three years:	
a. Current year	\$ 1,878
b. Current year - 1	(5,959)
c. Current year - 2	658
d. Current year - 3	(2,394)
2. Deferral of excess (shortfall) of investment income for:	
a. Current year (80% deferral)	\$ 1,502
b. Current year - 1 (60% deferral)	(3,575)
c. Current year - 2 (40% deferral)	263
d. Current year - 3 (20% deferral)	(479)
e. Total deferred for year	\$ (2,289)
3. Market value of plan assets, end of year	\$ 103,825
4. Preliminary actuarial value of plan assets, end of year (Item 3 - Item 2.e.)	\$ 106,114
5. Actuarial value of assets corridor	
a. 80% of market value of assets, end of year	\$ 83,060
b. 120% of market value of assets, end of year	\$ 124,590
6. Final actuarial value of plan assets, end of year (Item 4., but not less than Item 5.a., or greater than Item 5.b.)	\$ 106,114

Actuarial Section

South Carolina Retirement System Schedule of Active Member Valuation Data As of July 1, 2003

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-03	763	185,538	\$ 6,240,768	\$ 33,636	3.50%
7-01-02	746	189,166	6,147,712	32,499	3.42%
7-01-01	739	191,494	6,017,537	31,424	5.15%
7-01-00	729	196,825	5,881,847	29,884	5.49%
7-01-99	726	193,213	5,473,759	28,330	3.83%
7-01-98	720	190,259	5,191,048	27,284	2.78%
7-01-97	725	185,597	4,927,124	26,547	4.40%
7-01-96	713	178,540	4,540,100	25,429	3.28%
7-01-95	718	175,410	4,318,800	24,621	4.80%
7-01-94	707	173,973	4,087,078	23,493	1.01%

Police Officers Retirement System Schedule of Active Member Valuation Data As of July 1, 2003

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-03	314	23,871	\$ 800,394	\$ 33,530	6.08%
7-01-02	302	23,963	757,393	31,607	3.59%
7-01-01	296	24,821	757,335	30,512	5.50%
7-01-00	297	24,782	716,749	28,922	4.82%
7-01-99	307	23,127	638,086	27,591	4.11%
7-01-98	301	22,883	606,426	26,501	2.83%
7-01-97	297	21,829	562,553	25,771	4.31%
7-01-96	291	20,461	505,516	24,706	2.20%
7-01-95	280	19,657	475,176	24,173	5.11%
7-01-94	267	18,665	429,264	22,998	1.29%

Actuarial Section

General Assembly Retirement System Schedule of Active Member Valuation Data As of July 1, 2003

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members*</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-03	2	170	\$ 3,844	\$ 22,612	0.17%
7-01-02	2	200	4,515	22,573	(0.91%)
7-01-01	2	209	4,761	22,781	(0.12%)
7-01-00	2	213	4,858	22,808	0.31%
7-01-99	2	219	4,979	22,737	(0.26%)
7-01-98	2	211	4,810	22,797	0.00%
7-01-97	2	207	4,721	22,800	1.79%
7-01-96	2	213	4,772	22,400	0.00%
7-01-95	2	210	4,704	22,400	0.00%
7-01-94	2	212	4,749	22,400	60.0%

* Beginning in 2003, does not include special contributors

Judges and Solicitors Retirement System Schedule of Active Member Valuation Data As of July 1, 2003

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-03	2	128	\$ 14,437	\$ 112,789	1.59%
7-01-02	2	128	14,211	111,026	0.73%
7-01-01	2	128	14,109	110,223	4.26%
7-01-00	2	125	13,214	105,715	4.49%
7-01-99	2	126	12,748	101,174	4.99%
7-01-98	2	120	11,564	96,363	3.05%
7-01-97	2	120	11,221	93,508	6.38%
7-01-96	2	115	10,109	87,904	0.81%
7-01-95	2	108	9,417	87,194	5.13%
7-01-94	2	109	9,040	82,936	-0.55%

Actuarial Section

South Carolina Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2003 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
State Employees	56,382	\$ 2,052,664
Teachers	81,723	2,725,597
Other	<u>47,433</u>	<u>1,462,507</u>
Total	<u><u>185,538</u></u>	<u><u>\$ 6,240,768</u></u>

Note: In addition, there are 142,245 inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account.

Police Officers Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2003 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	17,837	\$ 617,929
Women	<u>6,034</u>	<u>182,465</u>
Total	<u><u>23,871</u></u>	<u><u>\$ 800,394</u></u>

Note: In addition, there are 8,965 inactive members contributions still in the System. The results of the valuation were adjusted to take these members into account.

Actuarial Section

General Assembly Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2003 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	127	\$ 2,915
Women	17	383
Total	144	\$ 3,298

Note: There are 68 inactive members with contributions still in the System, and there are 42 special contributors. The results of the valuation were adjusted to take these members into account. Numbers shown above do not include open seats or members receiving retirement benefits while continuing in office.

Judges and Solicitors Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2003 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	106	\$ 11,763
Women	21	2,368
Total	127	\$ 14,131

Note: There are four inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account. Numbers above were not adjusted for open seats.

Actuarial Section

South Carolina Retirement System The Number and Annual Retirement Allowances of Retired Members and Beneficiaries

As of July 1, 2003

(All dollar amounts are in thousands)

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Service Retirements:		
Employees:		
Men	16,846	\$ 341,332
Women	17,865	247,657
Teachers:		
Men	6,864	154,136
Women	26,994	433,425
Total	<u>63,569</u>	<u>1,176,577</u>
Disability Retirements:		
Employees:		
Men	2,668	29,318
Women	3,034	30,484
Teachers:		
Men	765	9,684
Women	2,957	32,643
Total	<u>9,424</u>	<u>102,129</u>
Beneficiaries of Deceased Retired Members and Active Members:		
Men	1,187	8,220
Women	5,240	50,459
Total	<u>6,427</u>	<u>58,679</u>
Grand Total	<u>84,420</u>	<u>\$ 1,337,385</u>

Actuarial Section

Police Officers Retirement System The Number and Annual Retirement Allowances of Retired Members and Beneficiaries

As of July 1, 2003

(All dollar amounts are in thousands)

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Service Retirements:		
Men	5,386	\$ 94,861
Women	819	9,067
Total	6,205	103,928
Disability Retirements:		
Men	1,042	17,342
Women	245	2,911
Total	1,287	20,253
Beneficiaries:		
Men	40	242
Women	895	8,592
Total	935	8,834
Grand Total	8,427	\$ 133,015

Actuarial Section

General Assembly Retirement System The Number and Annual Retirement Allowances of Beneficiaries and Contingent Beneficiaries

As of July 1, 2003

(All dollar amounts are in thousands)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements:		
Men	204	\$ 3,850
Women	19	373
Total	223	4,223
Disability Retirements:		
Men	1	15
Women	0	0
Total	1	15
Beneficiaries:		
Men	5	47
Women	65	1,002
Total	70	1,049
Grand Total	294	\$ 5,287

Judges and Solicitors Retirement System The Number and Annual Retirement Allowances of Beneficiaries and Contingent Beneficiaries

As of July 1, 2003

(All dollar amounts are in thousands)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements:		
Men	86	\$ 6,944
Women	1	79
Total	87	7,023
Disability Retirements:		
Men	1	81
Women	0	0
Total	1	81
Beneficiaries of Deceased Members:		
Men	9	239
Women	33	932
Total	42	1,171
Grand Total	130	\$ 8,275

Actuarial Section

South Carolina Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
7-01-03	7,866	\$ 163,867	2,510	\$ 27,662	84,420	\$ 1,337,385	11.3%	\$ 15,842
7-01-02	7,344	140,077	2,334	24,531	79,064	1,201,180	10.6%	15,193
7-01-01	12,523	284,739	2,474	23,735	74,054	1,085,634	31.7%	14,660
7-01-00	4,772	93,459	1,830	17,139	64,005	824,630	10.2%	12,884
7-01-99	4,961	68,522	2,436	12,175	61,063	748,310	8.1%	12,255
7-01-98	4,580	61,751	2,169	13,592	58,538	691,963	7.5%	11,321
7-01-97	4,601	78,201	2,346	10,928	56,127	643,804	11.7%	11,470
7-01-96	3,368	49,605	1,572	11,383	53,872	576,531	7.1%	10,702
7-01-95	4,153	58,435	1,399	9,970	52,076	538,289	9.9%	10,337
7-01-94	4,650	61,741	1,283	9,486	49,322	489,824	11.9%	9,931

Police Officers Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
7-01-03	947	\$ 18,614	226	\$ 2,733	8,427	\$ 133,015	13.6%	\$ 15,784
7-01-02	956	17,378	220	2,639	7,706	117,134	14.4%	15,200
7-01-01	989	17,235	341	3,986	6,970	102,395	14.9%	14,691
7-01-00	549	9,979	152	1,581	6,322	89,146	10.4%	14,101
7-01-99	606	8,490	238	1,731	5,925	80,748	9.1%	13,628
7-01-98	492	6,924	154	1,085	5,557	73,989	8.6%	13,315
7-01-97	533	9,024	176	759	5,219	68,150	13.8%	13,058
7-01-96	415	5,866	100	791	4,862	59,885	9.3%	12,317
7-01-95	504	9,404	90	768	4,547	54,810	18.7%	12,054
7-01-94	523	6,025	81	594	4,133	46,174	13.3%	11,172

Actuarial Section

General Assembly Retirement System
Schedule of Retirants Added to and Removed from Rolls
(Dollar amounts except average allowance in thousands)

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
7-01-03	40	\$ 839	12	\$ 226	294	\$ 5,287	13.1%	\$ 17,983
7-01-02	24	453	9	160	266	4,674	6.7%	17,571
7-01-01	27	609	11	204	251	4,381	10.2%	17,454
7-01-00	8	118	7	110	235	3,976	0.2%	16,919
7-01-99	16	257	6	62	234	3,968	5.2%	16,957
7-01-98	9	125	6	159	224	3,773	(0.9%)	16,844
7-01-97	18	233	4	92	221	3,807	3.8%	17,226
7-01-96	6	159	4	43	207	3,666	3.3%	17,710
7-01-95	24	1,567	2	27	205	3,550	76.6%	17,317
7-01-94	8	61	1	7	183	2,010	2.8%	10,984

Judges and Solicitors Retirement System
Schedule of Retirants Added to and Removed from Rolls
(Dollar amounts except average allowance in thousands)

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
7-01-03	11	\$ 716	7	\$ 493	130	\$ 8,275	2.8%	\$ 63,654
7-01-02	13	706	5	248	126	8,052	6.0%	63,905
7-01-01	9	685	6	442	118	7,594	3.3%	64,356
7-01-00	7	772	4	276	115	7,351	7.2%	63,926
7-01-99	9	598	3	209	112	6,855	6.0%	61,205
7-01-98	8	812	3	198	106	6,466	10.5%	60,996
7-01-97	4	746	4	187	101	5,852	10.6%	57,941
7-01-96	7	1,014	0	0	101	5,293	11.9%	52,406
7-01-95	8	802	1	63	94	4,729	18.5%	50,309
7-01-94	5	185	0	0	87	3,990	4.9%	45,862

Actuarial Section

Summary of Accrued and Unfunded Accrued Liabilities (Amounts expressed in thousands)

	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
SCRS	7-01-03	\$20,197,936	\$24,398,931	82.8%	\$ 4,200,995	\$ 6,240,768	67.3%
	7-01-02	19,298,174	22,446,574	86.0%	3,148,400	6,147,712	51.2%
	7-01-01	18,486,773	21,162,147	87.4%	2,675,374	6,017,537	44.5%
	7-01-00	17,286,108	19,414,972	89.0%	2,128,864	5,881,847	36.2%
	7-01-99	16,120,513	16,298,438	98.9%	177,925	5,473,759	3.3%
	7-01-98	14,946,070	15,952,345	93.7%	1,006,275	5,191,048	19.4%
	7-01-97	13,621,362	14,977,179	90.9%	1,355,817	4,927,124	27.5%
	7-01-96	12,499,235	14,062,092	88.9%	1,562,857	4,540,100	34.4%
	7-01-95	11,453,462	12,980,497	88.2%	1,527,035	4,318,827	35.4%
	7-01-94	10,308,386	12,776,483	80.7%	2,468,097	4,087,078	60.4%
PORS	7-01-03	\$ 2,511,369	\$ 2,744,849	91.5%	\$ 233,480	\$ 800,394	29.2%
	7-01-02	2,351,100	2,527,876	93.0%	176,776	757,393	23.3%
	7-01-01	2,197,982	2,324,257	94.6%	126,275	757,335	16.7%
	7-01-00	2,008,554	2,095,991	95.8%	87,437	716,749	12.2%
	7-01-99	1,844,517	1,898,237	97.2%	53,720	638,086	8.4%
	7-01-98	1,684,641	1,733,578	97.2%	48,937	606,426	8.1%
	7-01-97	1,512,390	1,570,816	96.3%	58,426	562,553	10.4%
	7-01-96	1,367,549	1,427,785	95.8%	60,236	505,516	11.9%
	7-01-95	1,236,610	1,299,119	95.2%	62,509	475,176	13.2%
	7-01-94	1,096,530	1,201,090	91.3%	104,560	429,264	24.4%

Note: Effective 7-1-1995, actuarial assumptions were changed as a result of a 5 year experience study, the investment return assumption was changed from 8% to 7.25%, an assumption of future COLA adjustments was removed (SCRS and PORS) and the method of valuing assets was changed from book value to a smoothed market value.

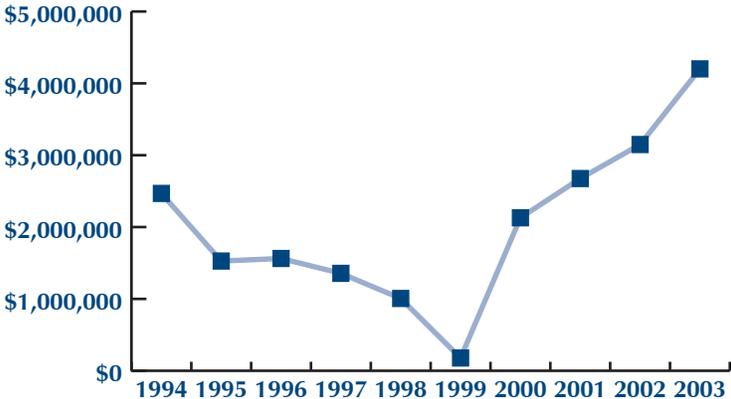
Effective 7-1-1999, actuarial assumptions were changed as a result of a 5 year experience study.

Effective for the 7-1-2000 valuation, eligibility for an unreduced retirement annuity under SCRS was reduced from 30 years of service to 28 year. The SCRS also adopted a deferred retirement option plan.

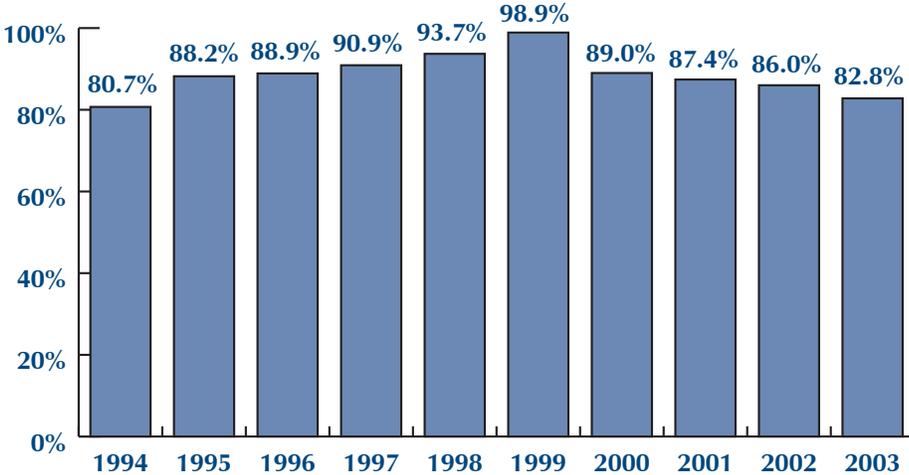
Effective 7-1-2003, actuarial assumptions were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, disability incidence assumptions and withdrawal rate assumptions were revised for both SCRS and PORS. In addition, the assumed mortality rates for retired SCRS members were revised, along with the assumed mortality rates of active and disabled members for PORS.

South Carolina Retirement System
Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)



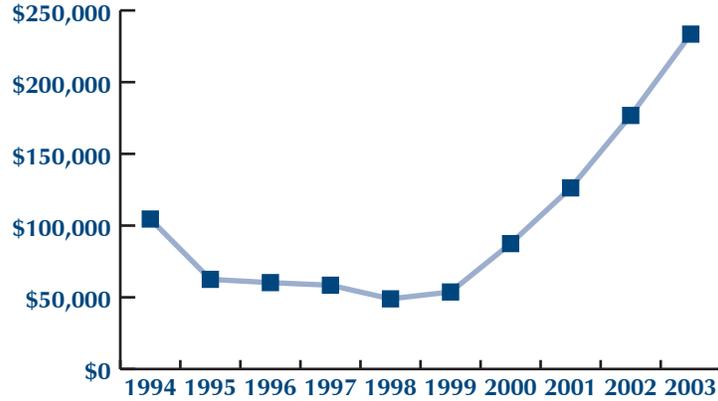
Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)



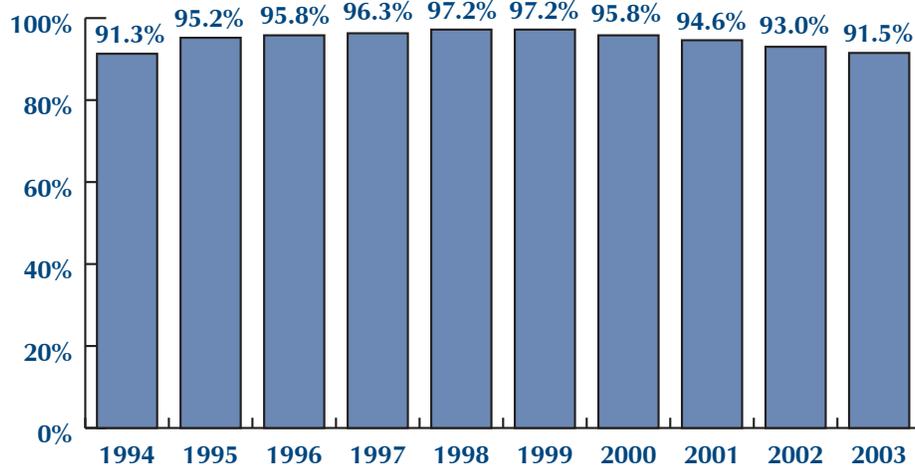
Actuarial Section

Police Officers Retirement System Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)



Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)



Actuarial Section

Summary of Accrued and Unfunded Accrued Liabilities (Amounts expressed in thousands)

GARS	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
	7-01-03	\$ 44,682	\$ 66,619	67.1%	\$ 21,937	\$ 3,844	570.8%
7-01-02	43,841	73,046	60.0%	29,205	4,515	646.9%	
7-01-01	42,788	68,291	62.7%	25,503	4,761	535.6%	
7-01-00	40,730	63,947	63.7%	23,217	4,858	477.9%	
7-01-99	38,685	63,501	60.9%	24,816	4,979	498.4%	
7-01-98	36,260	60,330	60.1%	24,070	4,810	500.4%	
7-01-97	33,627	60,052	56.0%	26,425	4,721	559.7%	
7-01-96	31,702	59,914	52.9%	28,213	4,771	591.3%	
7-01-95	30,528	58,577	52.1%	28,049	4,704	596.3%	
7-01-94	28,662	47,839	59.9%	19,177	4,749	403.8%	

JSRS	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
	7-01-03	\$ 106,114	\$ 166,655	63.7%	\$ 60,541	\$ 14,437	419.3%
7-01-02	100,074	166,440	60.1%	66,366	14,211	467.0%	
7-01-01	94,795	159,246	59.5%	64,451	14,109	456.8%	
7-01-00	87,536	144,631	60.5%	57,095	13,214	432.1%	
7-01-99	81,780	134,272	60.9%	52,492	12,748	411.8%	
7-01-98	75,699	124,756	60.7%	49,057	11,564	424.2%	
7-01-97	68,980	112,185	61.5%	43,205	11,221	385.0%	
7-01-96	62,850	101,020	62.2%	38,170	10,109	377.6%	
7-01-95	57,917	94,420	61.3%	36,503	9,417	387.6%	
7-01-94	52,040	83,322	62.5%	31,282	9,040	346.0%	

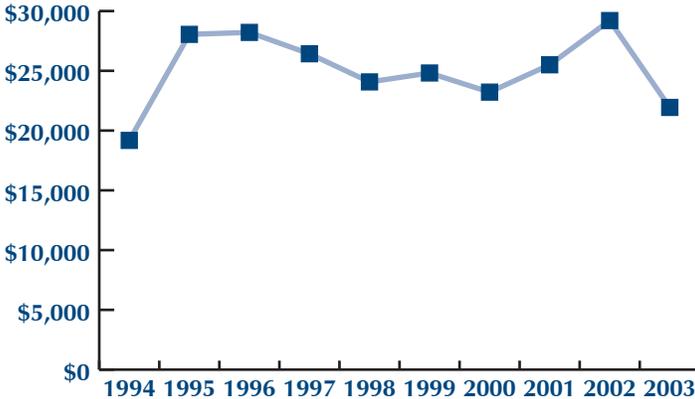
Note: Effective 7-1-1995, the investment return assumption was changed from 8% to 7.25% and the method of valuing assets was changed from book value to a smoothed market value.

The July 1, 2002, GARS valuation reflected the change in legislation effective January 1, 2003, which allows a member who has attained the age of 70 or has 30 years of service to retire and draw an annuity while continuing to serve in the General Assembly.

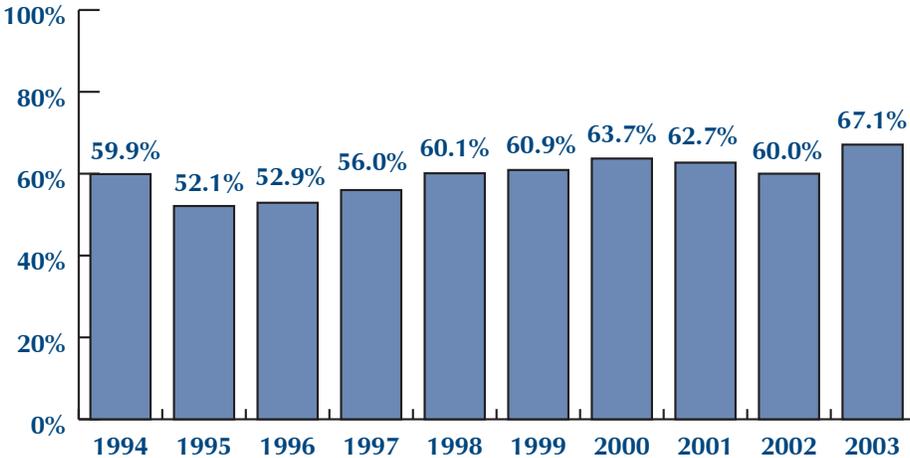
Effective 7-1-2003, actuarial assumptions for GARS and JSRS were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, and disability incidence assumptions were revised.

General Assembly Retirement System
Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)

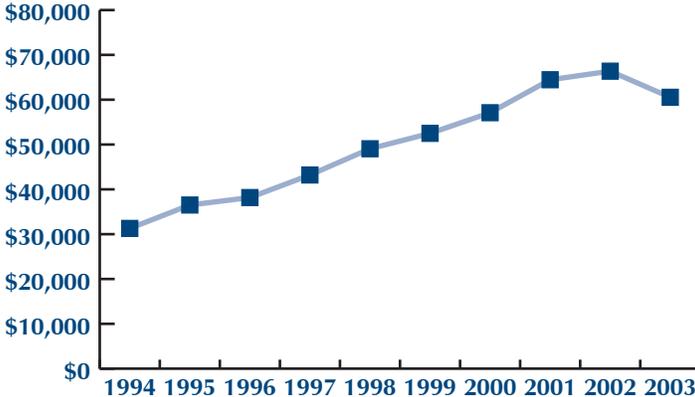


Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)

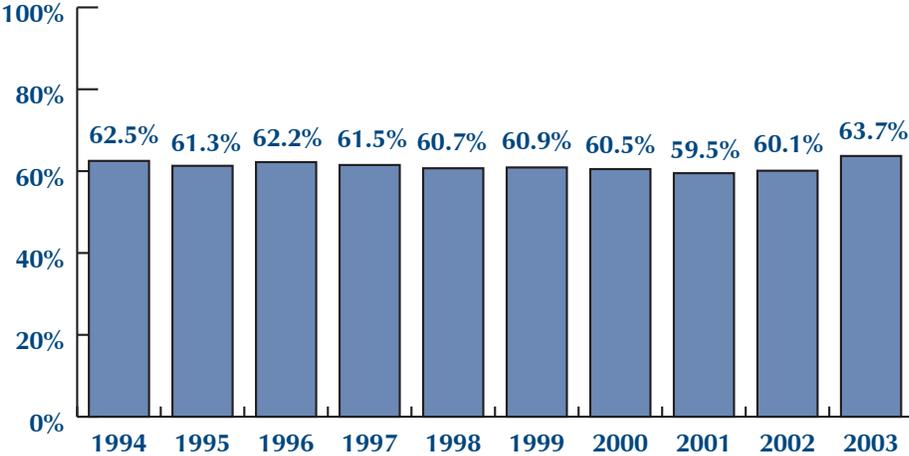


Judges and Solicitors Retirement System
Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)



Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)



Actuarial Section

South Carolina Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2003 (Amounts expressed in millions)

Item:	Amount of Increase (Decrease)
Required amortization payment	\$ (17)
Assumption/method change	399
2.4% COLA	278
Asset experience	120
Salary experience	(188)
Other experience	<u>460</u>
Net change	<u>\$ 1,052</u>

Police Officers Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2003 (Amounts expressed in millions)

Item:	Amount of Increase (Decrease)
Required amortization payment	\$ (1.3)
Assumption/method change	69.3
2.4% COLA	27.3
Asset experience	13.1
Salary experience	(32.0)
Other experience	<u>(19.7)</u>
Net change	<u>\$ 56.7</u>

Note: This analysis was not presented for the General Assembly Retirement System and the Judges and Solicitors Retirement System.

Actuarial Section

Solvency Test (Amounts expressed in thousands)

	Valuation Date	(1) Active Member Contributions	(2) Retirants & Beneficiaries	(3) Active Members (Employer Funded Portion)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
						(1)	(2)	(3)
SCRS	7-01-03	\$ 4,627,360	\$ 13,240,368	\$ 6,531,203	\$ 20,197,936	100%	100%	35.7%
	7-01-02	4,512,402	11,600,395	6,333,777	19,298,174	100%	100%	50.3%
	7-01-01	4,339,747	10,367,913	6,454,487	18,486,773	100%	100%	58.6%
	7-01-00	4,563,513	7,484,050	7,367,149	17,286,108	100%	100%	71.1%
	7-01-99	4,278,861	6,944,021	5,075,556	16,120,513	100%	100%	96.5%
	7-01-98	3,972,263	6,305,903	5,674,179	14,946,070	100%	100%	82.3%
	7-01-97	3,657,217	5,866,156	5,453,806	13,621,362	100%	100%	75.1%
	7-01-96	3,399,816	5,349,968	5,312,308	12,499,235	100%	100%	70.6%
	7-01-95	3,085,531	4,950,378	4,944,588	11,453,462	100%	100%	69.1%
	7-01-94	2,838,478	5,561,280	4,376,725	10,308,386	100%	100%	43.6%
PORS	7-01-03	\$ 516,313	\$ 1,265,173	\$ 963,363	\$ 2,511,369	100%	100%	75.8%
	7-01-02	492,178	1,136,998	898,700	2,351,100	100%	100%	80.3%
	7-01-01	464,217	977,769	882,271	2,197,982	100%	100%	85.7%
	7-01-00	427,449	844,631	823,911	2,008,554	100%	100%	89.4%
	7-01-99	389,456	783,042	725,739	1,844,517	100%	100%	92.6%
	7-01-98	352,424	702,155	678,999	1,684,641	100%	100%	92.8%
	7-01-97	314,217	645,356	611,243	1,512,390	100%	100%	90.4%
	7-01-96	284,655	565,405	577,726	1,367,549	100%	100%	89.6%
	7-01-95	251,255	519,795	528,069	1,236,610	100%	100%	88.2%
	7-01-94	226,608	547,189	427,293	1,096,530	100%	100%	75.5%

Note: Effective 7-1-1995, actuarial assumptions were changed as a result of a 5 year experience study, the investment return assumption was changed from 8% to 7.25%, an assumption of future COLA adjustments was removed (SCRS and PORS) and the method of valuing assets was changed from book value to a smoothed market value.

Effective 7-1-1999, actuarial assumptions were changed as a result of a 5 year experience study.

Effective for the 7-1-2000 valuation, eligibility for an unreduced retirement annuity under SCRS was reduced from 30 years of service to 28 years. The SCRS also adopted a deferred retirement option plan.

Effective 7-1-2003, actuarial assumptions were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, disability incidence assumptions and withdrawal rate assumptions were revised for both SCRS and PORS. In addition, the assumed mortality rates for retired SCRS members were revised, along with the assumed mortality rates of active and disabled members for PORS.

Actuarial Section

Solvency Test (Amounts expressed in thousands)

	Valuation Date	(1)	(2)	(3)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Members (Employer Funded Portion)		(1)	(2)	(3)
GARS	7-01-03	\$ 8,324	\$ 46,781	\$ 11,515	\$ 44,682	100%	77.7%	0.0%
	7-01-02	9,470	47,485	16,091	43,841	100%	72.4%	0.0%
	7-01-01	9,329	45,013	13,949	42,788	100%	74.3%	0.0%
	7-01-00	9,220	39,409	15,318	40,730	100%	80.0%	0.0%
	7-01-99	8,459	40,298	14,744	38,685	100%	75.0%	0.0%
	7-01-98	7,898	38,282	14,150	36,260	100%	74.1%	0.0%
	7-01-97	7,224	39,214	13,614	33,627	100%	67.3%	0.0%
	7-01-96	6,811	37,876	15,228	31,702	100%	65.7%	0.0%
	7-01-95	6,160	37,387	15,030	30,528	100%	65.2%	0.0%
	7-01-94	5,609	26,786	15,404	28,622	100%	85.9%	0.0%
JSRS	7-01-03	\$ 16,545	\$ 96,409	\$ 53,701	\$ 106,114	100%	92.9%	0.0%
	7-01-02	16,162	101,716	48,562	100,074	100%	82.5%	0.0%
	7-01-01	15,254	97,512	46,480	94,795	100%	81.6%	0.0%
	7-01-00	12,979	94,633	37,019	87,536	100%	78.8%	0.0%
	7-01-99	12,286	87,464	34,522	81,780	100%	79.5%	0.0%
	7-01-98	11,424	81,193	32,139	75,699	100%	79.2%	0.0%
	7-01-97	10,819	70,724	30,642	68,980	100%	82.2%	0.0%
	7-01-96	9,633	65,238	26,149	62,850	100%	81.6%	0.0%
	7-01-95	9,566	58,586	26,268	57,917	100%	82.5%	0.0%
	7-01-94	8,992	43,752	30,578	52,040	100%	98.4%	0.0%

Note: Effective 7-1-1995, the investment return assumption was changed from 8% to 7.25% and the method of valuing assets was changed from book value to a smoothed market value.

The July 1, 2002 GARS valuation reflected the change in legislation effective January 1, 2003, which allows a member who has attained the age of 70 or has 30 years of service to retire and draw an annuity while continuing to serve in the General Assembly.

Effective 7-1-2003, actuarial assumptions for GARS and JSRS were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, and disability incidence assumptions were revised.

Actuarial Section

Summary of Basic Provisions

SCRS	PORS	GARS	JSRS*
1. Membership			
All permanent, full-time and part-time employees of covered employers must join unless specifically exempted by statute or are eligible and elect to participate in the State ORP.	To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.	Generally, all persons are required to participate upon taking office as member of the General Assembly unless exempted by statute.	All solicitors, judges of a Circuit or Family Court, and justices of the Court of Appeals and Supreme Court are required to participate upon taking office unless exempted by statute.
2. Employee Contributions			
Class I 5% of earnable compensation	Class I \$21 per month		
Class II 6% of earnable compensation	Class II 6.5% of earnable compensation	10% of earnable compensation	7% of earnable compensation
3. Employer Contributions			
Class I 4.25% of earnable compensation	Class I 7.8% of earnable compensation		
Class II 7.55% of earnable compensation for State Agencies and Public Schools	Class II 10.3% of earnable compensation	Annual lump-sum appropriation	41.66% of earnable compensation
6.7% of earnable compensation for all other participating employers			
Group Life Insurance 0.15% of earnable compensation	Group Life Insurance 0.2% of earnable compensation	Group Life Insurance Included within annual lump-sum appropriation	Group Life Insurance 0.75% of earnable compensation
Accidental Death Program N/A	Accidental Death Program 0.2% of earnable compensation	Accidental Death Program N/A	Accidental Death Program N/A

Actuarial Section

SCRS	PORS	GARS	JSRS*
4. Vesting Requirements			
5 years earned service	5 years earned service	8 years	12 years in position
The member is entitled to a deferred annuity at age 60.	The member is entitled to a deferred annuity at age 55.	The member is entitled to a deferred annuity at age 60.	The member is entitled to a deferred annuity at age 55 with 12 years in the position.
5. Normal Retirement Age			
Age 65	Age 55	Age 60	Varies depending on service
6. Requirements for Full Service Retirement			
Age 65 or 28 years of credited service	Age 55 with 5 years of service or 25 years of credited service	Age 60 or 30 years of service	Age 70 with 15 years of service
The member must have a minimum of five years of earned service to qualify for retirement.	The member must have a minimum of five years of earned service to qualify for retirement.	Age 70 or 30 years of service while continuing to serve in the General Assembly	Age 65 with 20 years of service Age 65 with 4 years in position and at least 25 years other service with the state
			Judges 25 years of service regardless of age
			Solicitors 24 years of service regardless of age
7. Early Retirement			
Age 60 with 5% reduction for each year of age under age 65	Age 55 with five years of service credit	Age 60 with 8 years of service credit	Age 55 with 12 years of service in the position of a judge or a solicitor
Age 55 with 25 years service, reduced 4% for each year of service under 28	The member must have a minimum of five years of earned service to qualify for early retirement.		
The member must have a minimum of five years of earned service to qualify for early retirement.			
8. Formula for Normal Service Retirement			
Class I 1.45% of Average Final Compensation times years of credited service	Class I \$10.97 per month	4.82% of earnable compensation times years of credited service	Annual allowance of 71.3% of the current active salary of the member's position
Class II 1.82% of Average Final Compensation times years of credited service	Class II 2.14% of Average Final Compensation times years of credited service		Benefit formula increases by 2.67% for each year of active service over 25 years for judges or over 24 years for solicitors. The monthly retirement allowance may not exceed 90% of the current active salary for the member's position.
9. Requirements for Disability Retirement			
5 years of earned service unless injury is job related	5 years of earned service unless injury is job related	5 years of credited service	5 years of credited service

Actuarial Section

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10. Formula for Disability Retirement

The disability retirement benefit based on a projection of service credit to age 65 with an actuarial reduction.

The disability retirement benefit is based on a projection of service credit to age 55.

The disability retirement benefit is based on the greater of the following options:

- a. Service benefit based upon actual credited service or
- b. 50% of service benefit based on projection of service to earlier of age 60 or 35 years service.

The disability retirement benefit is based on the service retirement formula.

11. Benefit Options

Option A (Maximum/Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option B (100% - 100% Joint Retiree/ Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary.

Option C (100% - 50% Joint Retiree/ Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

Option A (Maximum/Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option B (100% - 100% Joint Retiree/ Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary.

Option C (100% - 50% Joint Retiree/ Survivor)

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

Maximum Benefit (Retiree Only)

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

Option 1

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death continues to retiree's beneficiary. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

Option 2

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

Revert to Maximum (1A or 2A)

This feature will allow benefits to be changed to the Maximum Benefit if the retiree selects Option 1 or Option 2 and all of the retiree's beneficiaries predecease the retiree.

Maximum Benefit Retiree/One-Third Spouse)

Formula as calculated in item 8. Continued annuity of one-third of member's benefit to a spouse beneficiary upon death of retiree or return of contributions to a designated non-spouse beneficiary.

Optional Allowance

Provides a reduced (from the Maximum Benefit) lifetime annuity that upon the retiree's death will continue at one-third of the retiree's annuity to a non-spouse beneficiary (or in equal shares to multiple beneficiaries).

12. Teacher and Employee Retention Incentive (TERI) Program

Upon meeting retirement eligibility, a member can elect to retire and continue working under the TERI program for a maximum of five years, after which employment will cease. During TERI participation, the retirement annuity will not be paid to the TERI retirees, but will be accumulated in TERI accounts and will be distributed to the members upon termination of employment. The annuity amount credited to the TERI account is the same monthly

N/A

N/A

N/A

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annuity that would have been paid directly to the retiree had he or she not deferred the receipt of his or her annuity while continuing to work as a TERI participant. No interest is credited to the TERI account. Member contributions cease, but employer contributions continue during TERI participation.

13. Post Retirement Increase

Increase in Consumer Price Index, up to 4%. (Increases are not guaranteed and must be approved annually subject to compliance with statute.)

Increase in Consumer Price Index, up to 4%. (Increases are not guaranteed and must be approved annually subject to compliance with statute.)

Retired member receives benefit based on current salary for member's position.

Retired member receives benefit based on current salary for member's position.

14. Accidental Death Program

N/A

Provides 50% of earnable compensation at time of accidental death in the line of duty as an annuity to either the surviving spouse, children, or parents.

N/A

N/A

15. Group Life Insurance Benefits

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirements for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon year of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.

16. Withdrawal of Employee Contributions

Accumulated contributions, plus interest, payable 90 days after termination of all covered employment.

Accumulated contributions, plus interest, payable 90 days after termination of all covered employment.

Accumulated contributions, plus interest, paid as promptly as feasible after request after termination of all covered employment.

Accumulated contributions, plus interest, paid as promptly as feasible after request after termination of all covered employment.

*JSRS legislation was enacted effective July 1, 2004, which provided for an additional benefit and modified provisions related to employee contributions, service purchase costs, vesting and earned service requirements.

Serving South Carolina's Teaching Professionals

The South Carolina Retirement System (SCRS)



In addition to juggling duties as Dean of the University of South Carolina-Lancaster, Dr. John Catalano still finds time for the classroom, his first love. Above, Dr. Catalano lectures his Philosophy 110 students about the subject of logic.



Teacher Donna Childers is surrounded by her second graders during class at Grassy Pond Elementary School in Gaffney, South Carolina.

Photograph of John Catalano and students was taken by Shana Funderburk, public information officer for the University of South Carolina-Lancaster in Lancaster, South Carolina.

Photograph of Donna Childers and students was taken by Jan Lowry, media specialist at Grassy Pond Elementary School in Gaffney, South Carolina.

Both photographs are reprinted with permission from the respective photographers.

Statistical Section

South Carolina Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Supplemental Benefit Revenue	% of Total Revenue	Total Revenue
2004	\$ 414,967	15.4%	\$ 515,996	19.2%	\$ 1,759,686	65.3%	\$ 2,328	0.1%	\$ 2,692,977
2003	408,359	15.8%	512,345	19.8%	1,662,781	64.3%	2,688	0.1%	2,586,173
2002	413,905	37.8%	509,044	46.4%	170,284	15.5%	3,141	0.3%	1,096,374
2001	435,075	19.6%	491,329	22.1%	1,293,997	58.2%	3,518	0.1%	2,223,919
2000	379,491	23.3%	455,914	27.9%	792,282	48.6%	3,873	0.2%	1,631,560
1999	353,119	30.1%	419,918	35.9%	393,856	33.6%	4,356	0.4%	1,171,249
1998	335,849	12.7%	398,845	15.1%	1,904,740	72.0%	4,880	0.2%	2,644,314
1997	306,678	16.2%	374,452	19.7%	1,212,272	63.8%	5,305	0.3%	1,898,707
1996	298,198	23.1%	359,268	27.8%	628,562	48.7%	5,813	0.4%	1,291,841
1995	288,997	12.7%	340,843	14.9%	1,644,707	72.1%	6,293	0.3%	2,280,840

Police Officers Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Supplemental Benefit Revenue	% of Total Revenue	Total Revenue
2004	\$ 58,202	16.2%	\$ 88,867	24.7%	\$ 212,201	59.1%	\$ 72	0.0%	\$ 359,342
2003	56,581	17.2%	87,084	26.6%	184,177	56.2%	82	0.0%	327,924
2002	57,778	34.8%	89,366	53.9%	18,670	11.2%	92	0.1%	165,906
2001	56,952	18.9%	94,312	31.3%	149,574	49.7%	104	0.1%	300,942
2000	50,438	22.9%	76,267	34.6%	93,425	42.4%	113	0.1%	220,243
1999	46,211	27.2%	70,197	41.3%	53,304	31.4%	124	0.1%	169,836
1998	44,590	14.0%	66,619	20.8%	207,998	65.1%	132	0.1%	319,339
1997	38,931	16.7%	62,038	26.6%	131,834	56.6%	137	0.1%	232,940
1996	37,237	22.9%	55,956	34.4%	69,379	42.6%	142	0.1%	162,714
1995	34,762	13.7%	52,350	20.6%	166,836	65.6%	150	0.1%	254,098

* Investment income includes unrealized gains and losses in accordance with GASB Statement 25.

Statistical Section

General Assembly Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Total Revenue
2004	\$ 513	7.1%	\$ 2,731	37.5%	\$ 4,031	55.4%	\$ 7,275
2003	619	8.6%	2,577	35.8%	4,005	55.6%	7,201
2002	643	19.5%	2,627	79.7%	28	0.8%	3,298
2001	904	14.0%	2,510	39.0%	3,022	47.0%	6,436
2000	638	12.5%	2,636	51.7%	1,827	35.8%	5,101
1999	783	16.6%	2,768	58.5%	1,180	24.9%	4,731
1998	686	8.8%	2,796	35.7%	4,337	55.5%	7,819
1997	566	9.5%	2,492	41.7%	2,922	48.9%	5,980
1996	586	15.1%	1,679	43.1%	1,626	41.8%	3,891
1995	603	10.1%	1,225	20.4%	4,160	69.5%	5,988

Judges and Solicitors Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Total Revenue
2004	\$ 1,893	11.0%	\$ 6,078	35.4%	\$ 9,191	53.6%	\$ 17,162
2003	1,209	7.5%	6,014	37.6%	8,795	54.9%	16,018
2002	1,628	18.8%	5,993	69.3%	1,025	11.9%	8,646
2001	2,216	14.6%	5,875	38.6%	7,128	46.8%	15,219
2000	1,194	11.2%	5,659	53.2%	3,791	35.6%	10,644
1999	1,364	14.8%	5,485	59.6%	2,352	25.6%	9,201
1998	1,246	7.9%	4,991	31.7%	9,520	60.4%	15,757
1997	1,321	11.0%	4,771	39.6%	5,949	49.4%	12,041
1996	970	11.6%	4,244	50.5%	3,185	37.9%	8,399
1995	833	6.4%	4,080	31.2%	8,170	62.4%	13,083

* Investment income includes unrealized gains and losses in accordance with GASB Statement 25.

Statistical Section

South Carolina Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		TERI Expenses		Group Life Expenses		Annuity Supplements		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2004	\$ 66,505	10.6%	\$1,103,336	7.9%	\$ 300,294	24.8%	\$ 13,515	-8.4%	\$ 2,328	-13.4%	\$ 16,425	13.7%	\$ 1,502,403
2003	60,133	-5.9%	1,022,993	6.9%	240,667	24.5%	14,759	9.4%	2,688	-14.4%	14,447	-3.1%	1,355,687
2002	63,936	-7.2%	957,114	10.7%	193,283	242.2%	13,492	5.0%	3,141	-10.7%	14,910	-3.0%	1,245,876
2001	68,894	-4.9%	864,235	10.9%	56,487		12,850	28.2%	3,518	-9.2%	15,374	1.3%	1,021,358
2000	72,452	-14.3%	779,297	8.9%			10,026	27.3%	3,873	-11.1%	15,175	11.1%	880,823
1999	84,536	37.2%	715,878	8.0%			7,873	-15.1%	4,356	-10.7%	13,659	6.5%	826,302
1998	61,629	17.2%	662,825	9.9%			9,277	16.6%	4,880	-8.0%	12,822	17.6%	751,433
1997	52,568	1.4%	602,922	7.7%			7,957	-15.6%	5,305	-8.7%	10,899	3.5%	679,651
1996	51,833	14.3%	559,991	6.8%			9,429	19.6%	5,813	-7.6%	10,526	15.4%	637,592
1995	45,358	15.4%	524,311	12.2%			7,881	8.8%	6,293	-8.1%	9,124	59.8%	592,967

Police Officers Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Accidental Death Expenses		Group Life Expenses		Annuity Supplements		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2004	\$ 11,918	4.1%	\$ 140,317	12.6%	\$ 1,072	12.3%	\$ 1,555	-2.4%	\$ 72	-12.2%	\$ 1,732	10.2%	\$ 156,666
2003	11,452	2.1%	124,634	12.1%	955	11.3%	1,594	-0.9%	82	-10.9%	1,572	3.4%	140,289
2002	11,214	-2.5%	111,216	17.8%	858	7.7%	1,608	14.9%	92	-11.5%	1,520	-2.0%	126,508
2001	11,498	8.0%	94,439	11.9%	797	8.3%	1,399	-0.4%	104	-8.0%	1,551	1.7%	109,788
2000	10,643	-2.7%	84,386	8.7%	736	5.3%	1,404	118.0%	113	-8.9%	1,525	14.5%	98,807
1999	10,940	29.0%	77,654	9.1%	699	9.6%	644	-53.1%	124	-6.1%	1,332	19.9%	91,393
1998	8,482	14.7%	71,161	11.3%	638	3.2%	1,373	49.4%	132	-3.6%	1,111	2.5%	82,897
1997	7,392	5.7%	63,958	9.8%	618	6.6%	919	-16.5%	137	-3.5%	1,084	-5.3%	74,108
1996	6,991	4.9%	58,257	8.6%	580	2.8%	1,101	13.6%	142	-5.3%	1,145	17.0%	68,216
1995	6,665	19.5%	53,653	18.8%	564	-1.9%	969	22.8%	150	-5.1%	979	64.8%	62,980

Statistical Section

General Assembly Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Group Life Expenses		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2004	\$ -	-100.0%	\$ 5,347	5.4%	\$ 8	60.0%	\$ 162	92.9%	\$ 5,517
2003	72	213.0%	5,073	11.8%	5	-58.3%	84	-43.2%	5,234
2002	23	-39.5%	4,537	8.1%	12	-71.4%	148	108.5%	4,720
2001	38	137.5%	4,197	5.0%	42	16.7%	71	6.0%	4,348
2000	16	-67.3%	3,998	1.4%	36	300.0%	67	3.1%	4,117
1999	49	-22.2%	3,941	4.5%	9	0.0%	65	-65.4%	4,064
1998	63	152.0%	3,771	0.5%	9	-88.3%	188	652.0%	4,031
1997	25	-40.5%	3,751	4.8%	77	97.4%	25	-7.4%	3,878
1996	42	223.1%	3,579	23.2%	39	290.0%	27	8.0%	3,687
1995	13	-55.2%	2,905	47.5%	10	400.0%	25	56.3%	2,953

Judges and Solicitors Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Group Life Expenses		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2004	\$ -		\$ 8,605	4.7%	\$ 124	1450.0%	\$ 72	7.5%	\$ 8,801
2003	-	-100.0%	8,217	1.9%	8	14.3%	67	3.1%	8,292
2002	130		8,063	8.6%	7	16.7%	65	-3.0%	8,265
2001		-100.0%	7,426	6.4%	6	-60.0%	67	0.0%	7,499
2000	71	39.2%	6,979	2.4%	15	150.0%	67	11.7%	7,132
1999	51		6,813	11.7%	6	500.0%	60	20.0%	6,930
1998			6,100	12.1%	1	-80.0%	50	0.0%	6,151
1997			5,443	3.1%	5	66.7%	50	-5.7%	5,498
1996		-100.0%	5,278	15.1%	3	200.0%	53	15.2%	5,334
1995	2		4,584	18.0%	1	-98.9%	46	64.3%	4,633

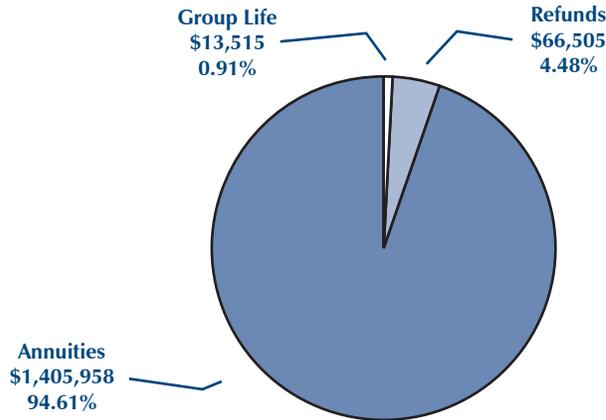
Statistical Section

Summary of Benefit Expenses by Type (Amounts expressed in thousands)

South Carolina Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2004	\$ 62,124	\$ 4,381	\$ 66,505	\$ 1,345,837	\$ 60,121	\$ 1,405,958	\$ 6,203	\$ 7,312	\$ 13,515	\$ 1,485,978
2003	56,377	3,756	60,133	1,209,621	56,727	1,266,348	7,341	7,418	14,759	1,341,240
2002	60,122	3,814	63,936	1,099,953	53,585	1,153,538	6,898	6,594	13,492	1,230,966
2001	65,767	3,127	68,894	875,053	49,187	924,240	6,947	5,903	12,850	1,005,984
2000	69,468	2,984	72,452	738,149	45,021	783,170	6,979	3,047	10,026	865,648
1999	82,589	1,947	84,536	678,403	41,831	720,234	4,802	3,071	7,873	812,643
1998	58,886	2,743	61,629	628,804	38,901	667,705	6,344	2,933	9,277	738,611
1997	50,239	2,329	52,568	573,137	35,090	608,227	5,158	2,799	7,957	668,752

Schedule of Benefit Expenses For the Year Ended June 30, 2004



Note: Total benefit expenses above reflect benefit expenses only and do not include administrative expenses.

Prior years are not available.

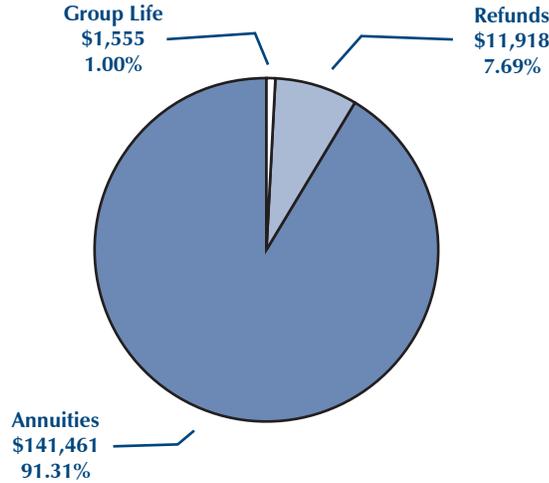
Statistical Section

Summary of Benefit Expenses by Type (Amounts expressed in thousands)

Police Officers Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/Other	Total Refunds	Member	Survivor/Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2004	\$ 11,525	\$ 393	\$ 11,918	\$ 131,104	\$ 10,357	\$ 141,461	\$ 976	\$ 579	\$ 1,555	\$ 154,934
2003	11,155	297	11,452	116,180	9,491	125,671	978	616	1,594	138,717
2002	10,829	385	11,214	103,286	8,880	112,166	1,056	552	1,608	124,988
2001	10,983	515	11,498	87,208	8,132	95,340	878	521	1,399	108,237
2000	10,382	261	10,643	77,143	7,356	84,499	1,082	322	1,404	96,546
1999	10,649	291	10,940	71,546	6,931	78,477	286	358	644	90,061
1998	8,238	244	8,482	65,379	6,552	71,931	1,077	296	1,373	81,786
1997	7,233	159	7,392	58,650	6,063	64,713	602	317	919	73,024

Schedule of Benefit Expenses For the Year Ended June 30, 2004



Note: Total benefit expenses above reflect benefit expenses only and do not include administrative expenses.

Prior years are not available.

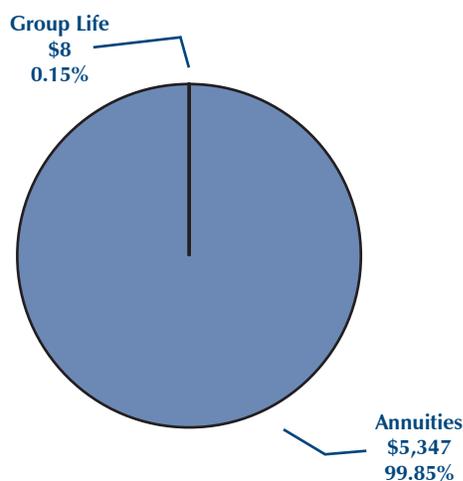
Statistical Section

Summary of Benefit Expenses by Type (Amounts expressed in thousands)

General Assembly Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2004	\$ -	\$ -	\$ -	\$ 4,303	\$ 1,044	\$ 5,347	\$ -	\$ 8	\$ 8	\$ 5,355
2003	70	2	72	4,045	1,028	5,073		5	5	5,150
2002	21	2	23	3,542	995	4,537		12	12	4,572
2001	38		38	3,308	889	4,197	26	16	42	4,277
2000	3	13	16	3,178	820	3,998	23	13	36	4,050
1999	49		49	3,108	833	3,941		9	9	3,999
1998		63	63	3,019	752	3,771		9	9	3,843
1997		25	25	3,001	750	3,751	70	7	77	3,853

Schedule of Benefit Expenses For the Year Ended June 30, 2004



Note: Total benefit expenses above reflect benefit expenses only and do not include administrative expenses.

Prior years are not available.

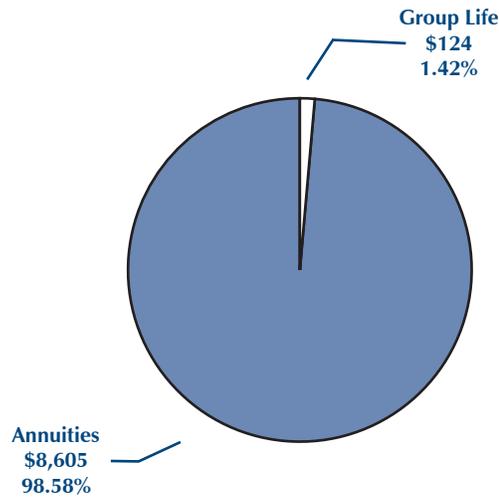
Statistical Section

Summary of Benefit Expenses by Type (Amounts expressed in thousands)

Judges and Solicitors Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/Other	Total Refunds	Member	Survivor/Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2004	\$ -	\$ -	\$ -	\$ 7,382	\$ 1,223	\$ 8,605	\$ 117	\$ 7	\$ 124	\$ 8,729
2003				7,047	1,170	8,217		8	8	8,225
2002	130		130	6,949	1,114	8,063		7	7	8,200
2001				6,380	1,046	7,426		6	6	7,432
2000	71		71	6,043	936	6,979		15	15	7,065
1999	51		51	6,022	791	6,813		6	6	6,870
1998				5,368	732	6,100		1	1	6,101
1997				4,687	756	5,443		5	5	5,448

Schedule of Benefit Expenses For the Year Ended June 30, 2004



Note: Total benefit expenses above reflect benefit expenses only and do not include administrative expenses.

Prior years are not available.

Statistical Section

South Carolina Retirement System Distribution of Retiree Population and Average Benefit

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 2004								
State Agency	27,384	\$ 1,581.22	4,082	\$ 907.15	3,041	\$ 898.50	34,507	\$ 1,441.32
Public Schools	35,922	1,460.19	3,863	943.10	2,004	721.52	41,789	1,376.97
Other	9,620	991.88	1,850	793.52	1,491	557.90	12,961	913.64
Total	72,926	1,443.86	9,795	899.87	6,536	766.54	89,257	1,334.57
June 2003								
State Agency	25,728	1,532.45	3,973	875.79	2,978	871.86	32,679	1,392.42
Public Schools	33,634	1,410.62	3,681	925.99	1,938	700.20	39,253	1,330.10
Other	8,940	943.85	1,739	766.25	1,441	537.06	12,120	870.01
Total	68,302	1,395.42	9,393	875.18	6,357	743.63	84,052	1,287.98
June 2002								
State Agency	23,848	1,486.42	3,826	864.63	2,880	857.17	30,554	1,349.24
Public Schools	31,489	1,361.54	3,465	915.54	1,890	686.01	36,844	1,284.94
Other	8,298	901.50	1,639	743.91	1,346	520.23	11,283	833.13
Total	63,635	1,348.35	8,930	862.23	6,116	730.12	78,681	1,245.12
June 2001								
State Agency	21,646	1,388.37	3,653	830.03	2,779	811.71	28,078	1,258.66
Public Schools	29,242	1,276.86	3,256	880.87	1,823	658.52	34,321	1,206.45
Other	7,702	834.45	1,545	710.55	1,284	500.51	10,531	775.56
Total	58,590	1,259.90	8,454	827.77	5,886	696.38	72,930	1,164.33
June 2000								
State Agency	17,553	1,240.34	3,490	788.86	2,653	782.66	23,696	1,122.61
Public Schools	25,474	1,142.96	3,075	844.35	1,733	628.09	30,282	1,083.17
Other	6,996	764.91	1,443	674.51	1,219	481.44	9,658	715.63
Total	50,023	1,124.26	8,008	789.56	5,605	669.36	63,636	1,042.07
June 1999								
State Agency	16,682	1,193.21	3,340	759.07	2,521	760.82	22,543	1,080.54
Public Schools	24,322	1,096.22	2,873	813.55	1,644	622.62	28,839	1,041.06
Other	6,699	728.98	1,327	651.54	1,142	476.62	9,168	686.34
Total	47,703	1,078.57	7,540	760.90	5,307	656.85	60,550	1,002.05
June 1998								
State Agency	15,869	1,148.03	3,141	738.99	2,410	740.41	21,420	1,042.18
Public Schools	23,279	1,059.01	2,705	793.29	1,572	606.62	27,556	1,007.12
Other	6,326	704.14	1,202	632.96	1,102	457.13	8,630	662.69
Total	45,474	1,040.71	7,048	741.75	5,084	637.64	57,606	968.56
June 1997								
State Agency	15,270	1,090.97	2,909	706.19	2,299	707.12	20,478	993.22
Public Schools	22,603	1,007.84	2,537	766.04	1,483	573.91	26,623	960.63
Other	6,077	671.78	1,085	604.33	1,045	428.10	8,207	631.83
Total	43,950	990.25	6,531	712.52	4,827	605.79	55,308	923.90
June 1996								
State Agency	14,662	1,056.94	2,702	689.47	2,212	718.52	19,576	967.98
Public Schools	22,121	966.43	2,365	753.98	1,447	628.85	25,933	928.22
Other	5,630	650.57	948	611.46	942	429.20	7,520	617.91
Total	42,413	955.79	6,015	702.54	4,601	631.08	53,029	898.89
June 1995								
State Agency	14,344	1,027.00	2,591	680.76	2,111	679.30	19,046	941.36
Public Schools	21,415	932.09	2,195	727.64	1,365	581.81	24,975	894.98
Other	5,449	624.82	885	582.23	905	460.00	7,239	599.01
Total	41,208	924.50	5,671	683.53	4,381	603.62	51,260	870.42

Statistical Section

Police Officers Retirement System Distribution of Retiree Population and Average Benefit

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 2004	6,795	\$ 1,395.64	1,236	\$ 1,319.84	965	\$ 804.91	8,996	\$ 1,321.86
June 2003	6,259	1,355.17	1,164	1,286.76	921	772.01	8,344	1,281.26
June 2002	5,612	1,315.28	1,094	1,258.15	879	761.69	7,585	1,242.89
June 2001	4,988	1,244.38	1,021	1,193.53	843	726.00	6,852	1,173.03
June 2000	4,518	1,212.72	931	1,153.23	788	700.55	6,237	1,139.14
June 1999	4,193	1,194.00	879	1,111.40	767	677.55	5,839	1,113.73
June 1998	3,921	1,174.01	840	1,077.90	732	672.39	5,493	1,092.47
June 1997	3,693	1,142.39	761	1,015.09	691	654.81	5,145	1,058.08
June 1996	3,474	1,110.57	666	984.61	664	663.50	4,804	1,031.31
June 1995	3,252	1,093.29	614	967.12	610	652.71	4,476	1,015.94

Note: Due to the small population size of the GARS and JSRS, presentations for these Systems are not shown. Statistics were generated from initial processing of data and may vary slightly from final information submitted to the Actuary.

Statistical Section

Participating Employers

	<u>SCRS</u>	<u>PORS</u>
Participating Employers Covered By Statute		
State Agencies & Institutions of Higher Education	109	46
Public School Districts	97	4
<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Participating Employers Covered By Separate Agreement.....		
	557	264
Abbeville County	✓	✓
Abbeville-Greenwood Regional Library Board.....	✓	
Aiken County	✓	✓
Aiken County Commission on Alcohol and Drug Abuse	✓	
Aiken-Bamberg-Barnwell-Edgefield Regional Library Board.....	✓	
Allendale County	✓	✓
Allendale County Office on Aging.....	✓	
Allendale-Barnwell County Disabilities and Special Needs Board	✓	
Allendale-Hampton-Jasper Regional Library.....	✓	
Anderson County	✓	✓
Anderson County Commission on Alcohol and Drug Abuse	✓	
Anderson County Disabilities and Special Needs Board	✓	
Anderson County Fire Protection Commission.....	✓	✓
Anderson County Library Board.....	✓	
Ashley River Fire District.....		✓
Axis I Center of Barnwell.....	✓	
Bamberg Board of Public Works.....	✓	
Bamberg County	✓	✓
Bamberg County Disabilities and Special Needs Board.....	✓	
Bamberg County Office on Aging	✓	
Barnwell County	✓	✓
BDST Services, Inc.....	✓	
Beaufort County	✓	✓
Beaufort Memorial Hospital	✓	
Beaufort Soil and Water Conservation District.....	✓	
Beaufort-Jasper County Water Authority.....	✓	
Beech Island Rural Community Water District	✓	
Belmont Fire and Sanitation District Commission.....		✓
Belton-Honea Path Water Authority.....	✓	
Berea Public Service District Commission	✓	
Berkeley County	✓	✓
Berkeley County Public Defender, Inc.	✓	
Berkeley County Water and Sewer Authority.....	✓	
Berkeley-Charleston-Dorchester RTMA	✓	
Big Creek Water and Sewer District.....	✓	
Bluffton Township Fire District	✓	✓
Boiling Springs Fire Department		✓
Broadway Water and Sewer District	✓	
Building Commission of the City and County of Florence	✓	
Burton Fire District.....		✓
Calhoun County	✓	✓

Statistical Section

NAME	SCRS	PORS
Calhoun County Council on Aging.....	√	
Calhoun County Disabilities and Special Needs Board.....	√	
Caromi Village Volunteer Fire Department.....		√
Catawba Area Agency on Aging.....	√	
Catawba Regional Planning Council.....	√	
Central Midlands Council of Governments.....	√	
Central Midlands Regional Transit Authority.....	√	
Charleston Area Transportation Authority.....	√	
Charleston Commission of Public Works.....	√	
Charleston County.....	√	√
Charleston County Airport District.....	√	√
Charleston County Housing and Redevelopment Authority.....	√	
Charleston County Library.....	√	
Charleston County Park and Recreation Commission.....	√	
Charleston Naval Complex Redevelopment.....	√	
Cherokee County.....	√	√
Cherokee County Commission on Alcohol and Drug Abuse.....	√	
Cherokee County Development Board.....	√	
Cherokee County Disabilities and Special Needs Board.....	√	
Cherokee County Public Library.....	√	
Cherokee County Recreation District.....	√	
Cherokee Springs Fire District.....		√
Chester County.....	√	√
Chester County Hospital and Nursing Center.....	√	
Chester County Library.....	√	
Chester Metro District.....	√	
Chester Sewer District.....	√	
Chester/Lancaster County Disabilities and Special Needs Board.....	√	
Chesterfield County.....	√	√
Chesterfield County Disabilities and Special Needs Board.....	√	
Chesterfield County Rural Water Company, Inc.....	√	
Chesterfield Soil and Water Conservation District.....	√	
City of Abbeville.....	√	√
City of Aiken.....		√
City of Anderson.....		√
City of Bamberg.....	√	√
City of Barnwell.....	√	
City of Beaufort.....	√	√
City of Belton.....	√	√
City of Bennettsville.....	√	√
City of Camden and Municipal Utilities.....	√	√
City of Cayce.....	√	√
City of Charleston.....	√	√
City of Chester.....	√	√
City of Clemson.....	√	√
City of Clinton.....	√	√
City of Columbia.....	√	√
City of Conway.....	√	√
City of Darlington.....	√	√
City of Denmark.....	√	√
City of Dillon.....	√	√

Statistical Section

NAME	SCRS	PORS
City of Easley	√	√
City of Florence	√	√
City of Folly Beach.....	√	√
City of Forest Acres.....	√	√
City of Fountain Inn	√	√
City of Gaffney.....	√	√
City of Georgetown.....	√	√
City of Goose Creek	√	√
City of Greenville.....	√	√
City of Greenwood.....	√	√
City of Greer.....	√	√
City of Hanahan.....	√	√
City of Hardeeville.....	√	√
City of Hartsville	√	√
City of Inman	√	√
City of Isle of Palms	√	√
City of Johnsonville.....	√	√
City of Lake City	√	√
City of Lancaster.....	√	√
City of Laurens	√	√
City of Liberty.....	√	√
City of Loris	√	√
City of Manning.....	√	√
City of Marion.....	√	√
City of Mauldin	√	√
City of Mullins.....	√	√
City of Myrtle Beach.....	√	√
City of New Ellenton	√	√
City of Newberry	√	√
City of North Augusta.....	√	√
City of North Charleston	√	√
City of North Myrtle Beach	√	√
City of Orangeburg	√	√
City of Pickens.....	√	√
City of Rock Hill	√	√
City of Seneca	√	√
City of Simpsonville.....	√	√
City of Spartanburg	√	√
City of Sumter.....	√	√
City of Tega Cay	√	√
City of Travelers Rest.....	√	√
City of Union	√	√
City of Walhalla	√	√
City of Walterboro.....	√	√
City of West Columbia.....	√	√
City of York.....	√	√
Clarendon County	√	√
Clarendon County Commission on Alcohol and Drug Abuse	√	
Clarendon County Disabilities and Special Needs Board.....	√	
Clinton Newberry Natural Gas Authority.....	√	
Colleton County	√	√

Statistical Section

NAME	SCRS	PORS
Colleton County Disabilities and Special Needs Board	√	
Columbia Museum of Art.....	√	
Combined Utility System of Easley	√	
Commission of Public Works Municipal Utilities	√	
Converse Fire District.....		√
Croft Fire District.....		√
Cultural and Heritage Commission of York County	√	
Darlington County	√	√
Darlington County Community Action Agency	√	
Darlington County Council on Aging	√	
Darlington County Disabilities and Special Needs Board	√	
Darlington County Library	√	
Darlington County Soil and Water Conservation District.....	√	
Darlington County Water and Sewer Commission.....	√	
Daufuskie Island Fire District		√
Defender Corporation of Aiken County.....	√	
Defender Corporation of Allendale, Hampton and Jasper Counties.....	√	
Defender Corporation of Cherokee County	√	
Defender Corporation of Dorchester County	√	
Defender Corporation of Greenville County.....	√	
Defender Corporation of Marlboro County	√	
Defender Corporation of Pickens County	√	
Defender Corporation of Richland County.....	√	
Dillon County	√	√
Dillon County Employment and Training Programs.....	√	
Donalds-Due West Water and Sewer Authority.....	√	
Donaldson Development Commission Donaldson Center	√	
Donaldson Fire Service Area.....	√	
Dorchester County	√	√
Dorchester County Board of Disabilities and Special Needs	√	
Dorchester County Commission on Alcohol and Drug Abuse	√	
Dorchester County Library.....	√	
Dorchester Human Development Board.....	√	
Duncan Chapel Fire District.....	√	
Easley Central Water District	√	
East Richland County Public Service District	√	
Edgefield County	√	√
Edgefield County Water and Sewer Authority	√	
Emerald Center Multi-County Board for Disab. and Special Needs.....	√	
Fairfield County	√	√
Fairfield County Council on Aging.....	√	
Fairfield County Disabilities and Special Needs Board	√	
Fairfield County Library	√	
Fairfield County Substance Abuse Commission	√	
Fairfield Memorial Hospital	√	
Florence County	√	√
Florence County Commission on Alcohol and Drug Abuse.....	√	
Florence County Disabilities and Special Needs Board.....	√	
Florence Regional Airport	√	
Fripp Island Public Service District	√	
Gaffney Board of Public Works	√	

Statistical Section

NAME	SCRS	PORS
Gantt Fire, Sewer and Police District.....	√	√
Gaston Rural Community Water District.....	√	
Gateway Counseling Center	√	
Generations Unlimited.....	√	
Georgetown County	√	√
Georgetown County Alcohol and Drug Abuse Commission.....	√	
Georgetown County Council on Aging, Inc.....	√	
Georgetown County Disabilities and Special Needs Board	√	
Georgetown County Water and Sewer District.....	√	
Gilbert-Summit Rural Water District	√	
Glassy Mountain Fire Service Area	√	
Gleamns Human Resources Commission	√	
Glendale Fire District	√	
Goucher Water Company, Inc.	√	
Grand Strand Water and Sewer Authority.....	√	
Greater Greenville Sanitation Commission.....	√	
Greenville Airport Commission.....	√	
Greenville Area Development Corporation	√	
Greenville Commission of Public Works	√	
Greenville County	√	√
Greenville County Commission on Alcohol and Drug Abuse	√	
Greenville County Disabilities and Special Needs Board.....	√	
Greenville County Library.....	√	
Greenville County Museum Commission.....	√	
Greenville County Recreation District.....	√	
Greenville Redevelopment Authority	√	
Greenville-Spartanburg Airport District.....	√	
Greenwood Commission of Public Works	√	
Greenwood County	√	√
Greenwood Metropolitan District Commission.....	√	
Greer Commission of Public Works	√	
Hampton County	√	√
Hampton County Disabilities and Special Needs Board.....	√	
Hartsville Community Center Building Commission	√	
Harvin Clarendon County Library	√	
Hazel Pittman Center	√	
Hilltop Fire District	√	√
Hilton Head Number 1 Public Service District	√	
Homeland Park Water District.....	√	
Horry County	√	√
Horry County Disabilities and Special Needs Board	√	
Horry County Solid Waste Authority, Inc.....	√	
Horry Soil Conservation District.....	√	
Housing Authority of Darlington	√	
Housing Authority of Florence	√	
Housing Authority of Fort Mill	√	
Housing Authority of Lancaster.....	√	
Housing Authority of the City of Aiken.....	√	
Housing Authority of the City of Charleston.....	√	
Housing Authority of the City of Chester	√	
Housing Authority of the City of Conway	√	

Statistical Section

NAME	SCRS	PORS
Housing Authority of the City of Easley.....	✓	
Housing Authority of the City of Gaffney.....	✓	
Housing Authority of the City of Greenwood.....	✓	
Housing Authority of the City of Newberry.....	✓	
Housing Authority of the City of North Charleston.....	✓	
Housing Authority of the City of Sumter.....	✓	
Housing Authority of the City of Union.....	✓	
Housing Authority of the Town of Woodruff.....	✓	
Inman Community Fire Department.....		✓
Inman-Campobello Water District.....	✓	
Irmo Fire District.....		✓
Irmo-Chapin Recreation District.....	✓	
Isle of Palms Water and Sewer Commission.....	✓	
James Island Public Service District Commission.....	✓	
Jasper County.....	✓	✓
Jasper County Board of Disabilities and Special Needs.....	✓	
Jasper County Development Board.....	✓	
Johnsonville Rural Fire District.....		✓
Jonesville Fire District.....		✓
Keowee Fire Tax District.....		✓
Kershaw County.....	✓	✓
Kershaw County Board of Disabilities and Special Needs.....	✓	
Kershaw County Commission on Alcohol and Drug Abuse.....	✓	
Lady's Island-St. Helena Fire District.....		✓
Lake City Development Corporation.....	✓	
Lake Cunningham Fire District.....	✓	✓
Lancaster County.....	✓	✓
Lancaster County Commission on Alcohol and Drug Abuse.....	✓	
Lancaster County Council on Aging.....	✓	
Lancaster County Library.....	✓	
Lancaster County Natural Gas Authority.....	✓	
Lancaster County Water and Sewer District.....	✓	
Laurens Commission of Public Works.....	✓	
Laurens County.....	✓	✓
Laurens County Disabilities and Special Needs Board.....	✓	
Laurens County Water and Sewer Commission.....	✓	
Laurens Soil and Water Conservation District.....	✓	
Lee County.....	✓	✓
Lee County Disabilities and Special Needs Board.....	✓	
Lexington County.....	✓	✓
Lexington County Defender Agency, Inc.....	✓	
Lexington County Joint Municipal Water and Sewer Commission.....	✓	
Lexington Medical Center.....	✓	
Lexington-Richland Alcohol and Drug Abuse Council.....	✓	
Liberty-Chesnee-Fingerville Water District.....	✓	
Lowcountry Council of Governments.....	✓	
Lowcountry Regional EMS Council.....	✓	
Lowcountry Regional Transportation Authority.....	✓	
Lower Savannah Council of Governments.....	✓	
Lugoff Fire District.....		✓
Lugoff Water District of Kershaw County.....	✓	

Statistical Section

NAME	SCRS	PORS
Marion County	√	√
Marion County Commission on Alcohol and Drug Abuse	√	
Marion County Library.....	√	
Marion-Dillon County Disabilities and Special Needs Board.....	√	
Marlboro County	√	√
Marlboro County Disabilities and Special Needs Board.....	√	
Marlboro Water Company	√	
McCormick Commission of Public Works	√	
McCormick County	√	√
McCormick County Water and Sewer Authority.....	√	
McCormick Health Care Center	√	
Metropolitan Sewer Sub-District	√	
Metropolitan Sub-District Water and Sewer	√	
Moncks Corner Water Works Commission	√	
Mt. Pleasant Water and Sewer Commission.....	√	
Municipal Association of South Carolina	√	
Murrells Inlet-Garden City Fire District	√	√
New Ellenton Commission of Public Works.....	√	
Newberry County	√	√
Newberry County Disabilities and Special Needs Board.....	√	
Newberry County Library	√	
Newberry County Nursing Home Commission.....	√	
Newberry County Water and Sewer Authority.....	√	
North Charleston Sewer District.....	√	
North Greenville Fire District	√	
North Spartanburg Area Fire and Rescue District.....	√	
Oconee County	√	√
Oconee County Sewer Commission	√	
Oconee Disabilities and Special Needs Board.....	√	
Old Fort Fire Control Board.....		√
Old Ninety Six Tourism Commission.....	√	
Old Town Fire and Rescue Department.....	√	
Orangeburg County	√	√
Orangeburg County Disabilities and Special Needs Board.....	√	
Orangeburg Department of Public Utilities	√	
Palmetto State Teachers Association.....	√	
Parker Sewer and Fire Sub-District.....	√	
Peachtree Center D/B/A-Cherokee LTC.....	√	
Pee Dee Regional Council of Governments	√	
Pee Dee Regional EMS, Inc.....	√	
Pee Dee Regional Transportation Authority	√	
Pelham-Batesville Fire District.....		√
Pendleton District Historical and Recreation Commission.....	√	
Pickens County	√	√
Pickens County Commission on Alcohol and Drug Abuse.....	√	
Pickens County Disabilities and Special Needs Board	√	
Piedmont Park Fire District	√	√
Piedmont Public Service District		√
Pine Ridge Fire Department		√
Pioneer Rural Water District	√	
Poplar Springs Fire Department.....		√

Statistical Section

NAME	SCRS	PORS
Public Defender Corporation of Horry County.....	√	
Recreation District & Recreation Commission of Richland County	√	
Recreation District of Lexington County	√	
Reidville Fire District		√
Richland County	√	√
Richland County Public Library	√	
Richland Memorial Hospital	√	
Richland-Lexington Airport District.....	√	√
Richland-Lexington Disabilities and Special Needs Board	√	
Riverbanks Park Commission	√	
Roebuck Fire Department.....		√
Rubicon.....	√	
Rural Community Water District of Georgetown County.....	√	
Saluda Commission of Public Works	√	
Saluda County	√	√
Saluda County Commission on Alcohol and Drug Abuse	√	
Saluda County Water and Sewer Authority	√	
Sandy Springs Water Company	√	
Santee Cooper Counties Promotion Commission	√	
Santee-Lynches Council for Governments	√	
Santee-Wateree Regional Transportation Authority	√	
Seneca Light and Water Plant	√	
Sheldon Fire District	√	√
Shoreline Behavioral Health Services	√	
Six Mile Rural Water District	√	
Slater-Marietta Fire Department		√
South Carolina Appalachian Council of Governments.....	√	
South Carolina Association of Counties.....	√	
South Carolina Association of School Administrators	√	
South Carolina Association of School Boards.....	√	
South Carolina Athletic Coaches Association.....	√	
South Carolina Education Association.....	√	
South Carolina High School League	√	
South Carolina Law Enforcement Officers Association.....	√	
South Carolina Midlands EMS Management Association.....	√	
South Carolina Sheriffs Association.....	√	√
South Carolina State Credit Union	√	
South Carolina State Employees Association	√	
South Carolina State Firemen’s Association.....	√	
South Greenville Area Fire District	√	
South Island Public Service District.....	√	
South Lynches Fire Department		√
Southside Rural Community Water District.....	√	
Spartanburg Commission of Public Works	√	
Spartanburg County	√	√
Spartanburg Public Library	√	
Spartanburg Regional Medical Center	√	
Spartanburg Sanitary Sewer District	√	
St. Andrews Parish Parks and Playgrounds.....	√	
St. Andrews Public Service District Commission	√	
St. George Water and Sewer Department.....	√	

Statistical Section

NAME	SCRS	PORS
St. John's Fire District.....	√	√
St. Paul's Fire District.....	√	√
Starr-Iva Water Company.....	√	
Startex-Jackson-Wellford-Duncan Water District.....	√	
Summerville Commission of Public Works.....	√	
Sumter Conservation District.....	√	
Sumter County.....	√	√
Sumter County Commission on Alcohol and Drug Abuse.....	√	
Sumter County Disabilities and Special Needs Board.....	√	
Sumter County Library.....	√	
Taylor's Fire and Sewer District.....	√	
The Ernest E. Kennedy Center.....	√	
The Pee Dee Tourism Commission.....	√	
Three Rivers Solid Waste Authority.....	√	
Town of Allendale.....	√	√
Town of Andrews.....	√	√
Town of Atlantic Beach.....	√	√
Town of Aynor.....	√	
Town of Batesburg-Leesville.....	√	√
Town of Bethune.....	√	√
Town of Bishopville.....	√	√
Town of Blacksburg.....	√	√
Town of Blackville.....	√	
Town of Bluffton.....	√	√
Town of Blythewood.....	√	
Town of Bonneau.....		√
Town of Bowman.....	√	√
Town of Branchville.....	√	√
Town of Briarcliffe Acres.....	√	√
Town of Brunson.....	√	
Town of Burnetown.....	√	√
Town of Calhoun Falls.....	√	√
Town of Cameron.....	√	√
Town of Campobello.....	√	√
Town of Carlisle.....	√	
Town of Central.....	√	√
Town of Chapin.....	√	√
Town of Cheraw.....	√	√
Town of Chesnee.....	√	√
Town of Chesterfield.....	√	√
Town of Clio.....	√	√
Town of Clover.....	√	√
Town of Cordova.....	√	
Town of Cottageville.....		√
Town of Coward.....	√	√
Town of Cowpens.....	√	√
Town of Due West.....	√	√
Town of Duncan.....	√	√
Town of Eastover.....	√	√
Town of Edgefield.....	√	√
Town of Edisto Beach.....	√	√

Statistical Section

NAME	SCRS	PORS
Town of Ehrhardt.....	√	√
Town of Elgin.....	√	√
Town of Elko.....	√	
Town of Elloree.....	√	√
Town of Estill.....	√	√
Town of Fairfax.....	√	
Town of Fort Lawn.....	√	√
Town of Fort Mill.....	√	√
Town of Gaston.....	√	√
Town of Gilbert.....	√	
Town of Gray Court.....	√	
Town of Great Falls.....	√	√
Town of Greeleyville.....		√
Town of Hampton.....		√
Town of Harleyville.....	√	√
Town of Heath Springs.....	√	
Town of Hemingway.....	√	√
Town of Hilton Head Island.....		√
Town of Holly Hill.....	√	√
Town of Hollywood.....	√	
Town of Honea Path.....	√	√
Town of Irmo.....	√	√
Town of Iva.....	√	√
Town of Jackson.....	√	√
Town of Jamestown.....	√	√
Town of Jefferson.....	√	
Town of Johnston.....	√	√
Town of Jonesville.....	√	√
Town of Kershaw.....	√	
Town of Kiawah Island.....	√	
Town of Kingstree.....	√	√
Town of Lake View.....	√	√
Town of Lamar.....		√
Town of Landrum.....	√	√
Town of Lane.....	√	√
Town of Latta.....	√	√
Town of Lexington.....	√	√
Town of Lincolnville.....	√	√
Town of Little Mountain.....	√	
Town of Livingston.....	√	
Town of Lyman.....	√	√
Town of Mayesville.....	√	
Town of McBee.....	√	√
Town of McClellanville.....	√	
Town of McColl.....	√	√
Town of McCormick.....	√	√
Town of Meggett.....	√	
Town of Moncks Corner.....	√	√
Town of Monetta.....	√	
Town of Mt. Croghan.....	√	
Town of Mt. Pleasant.....	√	√

Statistical Section

NAME	SCRS	PORS
Town of Nichols.....	√	√
Town of Ninety-Six.....	√	√
Town of Norris.....	√	
Town of North.....	√	√
Town of Norway.....	√	√
Town of Olanta.....	√	√
Town of Olar.....	√	√
Town of Pacolet.....	√	√
Town of Pageland.....	√	√
Town of Pamplico.....	√	√
Town of Patrick.....	√	
Town of Pelion.....	√	
Town of Pelzer.....	√	
Town of Pendleton.....	√	√
Town of Pine Ridge.....	√	√
Town of Pinewood.....	√	√
Town of Pomaria.....	√	
Town of Port Royal.....	√	
Town of Prosperity.....	√	√
Town of Quinby.....	√	√
Town of Ravenel.....	√	
Town of Ridge Spring.....	√	√
Town of Ridgeland.....	√	√
Town of Ridgeville.....	√	
Town of Ridgeway.....	√	√
Town of Ruby.....	√	
Town of Salley.....	√	√
Town of Saluda.....	√	√
Town of Santee.....	√	
Town of Scranton.....	√	√
Town of Seabrook Island.....	√	
Town of Sellers.....	√	
Town of Six Mile.....	√	
Town of Smyrna.....	√	
Town of Snelling.....	√	
Town of Society Hill.....	√	√
Town of South Congaree.....	√	√
Town of Springdale.....	√	√
Town of Springfield.....	√	√
Town of St. George.....	√	√
Town of St. Matthews.....	√	√
Town of St. Stephen.....	√	√
Town of Sullivan's Island.....	√	√
Town of Summerton.....	√	√
Town of Summerville.....	√	√
Town of Surfside Beach.....	√	√
Town of Swansea.....	√	√
Town of Sycamore.....	√	
Town of Timmonsville.....	√	√
Town of Trenton.....	√	√
Town of Turbeville.....	√	√

Statistical Section

NAME	SCRS	PORS
Town of Vance	✓	✓
Town of Varnville	✓	
Town of Wagener	✓	✓
Town of Ward.....	✓	
Town of Ware Shoals	✓	✓
Town of Wellford	✓	✓
Town of West Pelzer	✓	✓
Town of West Union	✓	✓
Town of Westminster.....	✓	✓
Town of Whitmire.....	✓	✓
Town of Williamston	✓	✓
Town of Williston	✓	
Town of Winnsboro	✓	✓
Town of Woodruff.....	✓	✓
Town of Yemassee.....	✓	
Tyger River Fire District		✓
Una Fire Department		✓
Union Carnegie Library	✓	
Union County	✓	✓
Union County Council of Aging	✓	
Union County Development Board.....	✓	
Union County Disabilities and Special Needs Board.....	✓	
Upper Savannah Council of Governments.....	✓	
Valley Public Service Authority	✓	
Waccamaw Economic Opportunity Council	✓	
Waccamaw Regional Council of Governments.....	✓	
Wade Hampton Fire and Sewer District	✓	
Western Carolina Regional Sewer Authority	✓	
Westminster Commission of Public Works.....	✓	
Westview Behavioral Health Services	✓	
Westview-Fairforest Fire Department.....	✓	✓
Whitesville Rural Volunteer Fire Department		✓
Whitmire Commission of Public Works	✓	
Williamsburg County	✓	✓
Williamsburg County Disabilities and Special Needs Board.....	✓	
Williamsburg County Library.....	✓	
Woodruff Roebuck Water District	✓	
York County	✓	✓
York County Convention and Visitors Bureau	✓	
York County Council on Aging	✓	
York County Disabilities and Special Needs Board	✓	
York County Library	✓	
York Soil and Water Conservation District	✓	

South Carolina Retirement Systems' Mission Statement

The Mission of the South Carolina Retirement Systems is to administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.

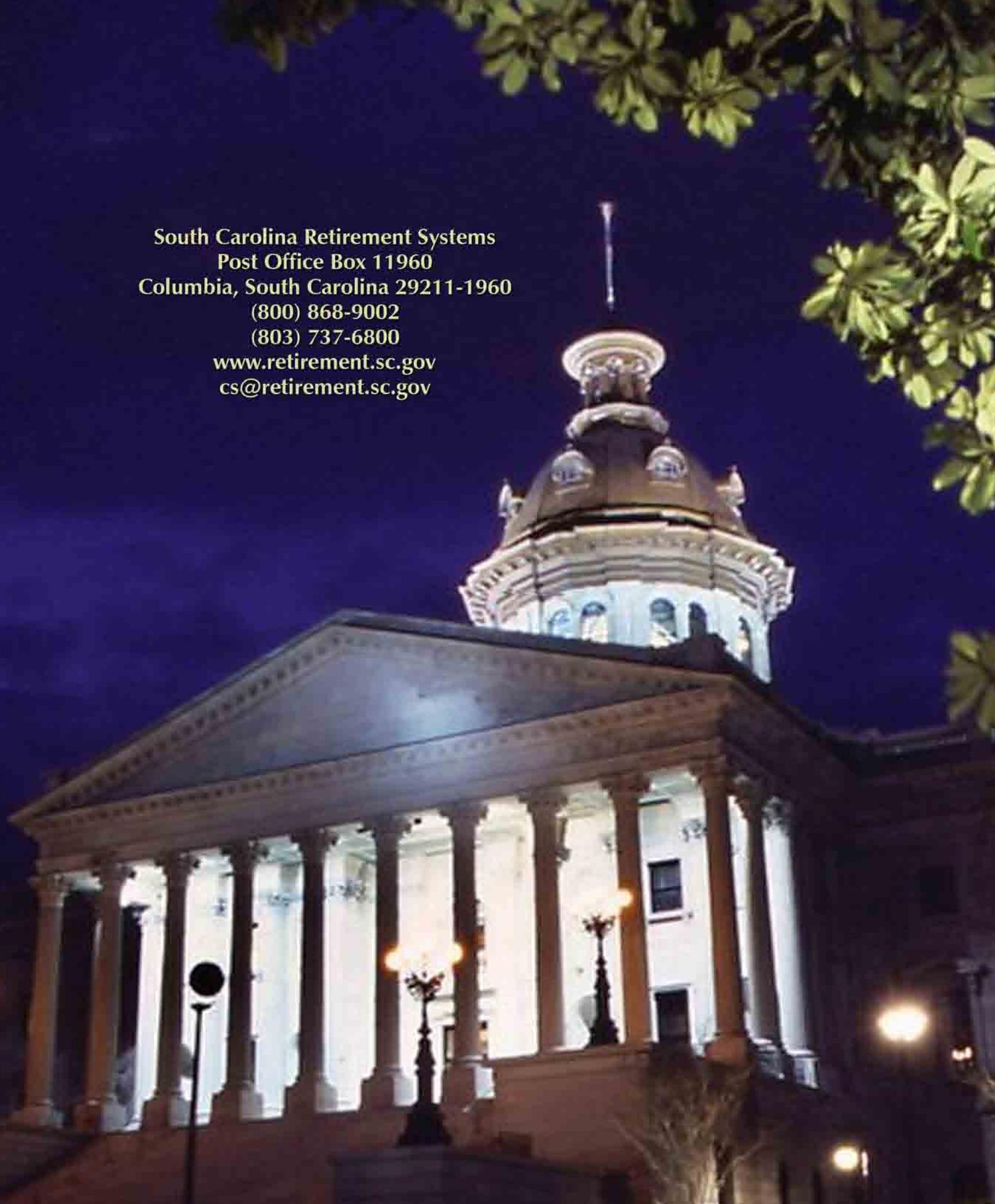
South Carolina Retirement Systems' Vision Statement

To empower our employees to provide comprehensive service in a professional manner for our members, employers, and retirees through timely and accurate processing of payments, claims, inquiries, and other account information using effective and appropriate leading edge technology.

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